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The First War Budget

IT would be churlish to use any language but that of commendation of a Budget speech in which the Chancellor of the Exchequer accepted so many of the suggestions and obeyed so many of the injunctions that have been addressed to him and his predecessor ever since the beginning of the war by his critics. For the first time, a Chancellor has quite deliberately thrust the bookkeeping aspects of his task—the summation of revenue and expenditure—into a corner of his speech and devoted himself to a survey of the financial problem of the war economy as a whole. For the first time, he has attempted to arrive at the amount of new taxation to be imposed, not on the principle of "think of a number," but by working out the economic need for new taxes. For the first time, he has incorporated in his Budget measures designed to create economic conditions in which his estimates will have a chance to come true. These are enormous gains, on which Sir Kingsley Wood is to be congratulated without reserve. There may well be disagreement with his estimates or proposals; but for the first time there is a real War Budget to comment upon.

The merit of the speech, as has been said, was that the purely budgetary part of it was very short. The details of the figures will be found in a brief summary of the accounts on the next page. As for the changes in taxation at which the Chancellor of the Exchequer arrived as the result of his economic survey, they too were simple. There are to be changes in the methods of assessment of EPT to remove some of its injustices and the anachronistic and troublesome medicine stamp duties are to be repealed. The whole of the additional money required is to come from income-tax. The standard rate goes up to 10s. in the £; and the personal and earned income allowances are reduced. These changes have the effect of imposing a considerable proportional increase in the weight of direct taxation on what have come to be known as the "middle incomes." Thus the amount of income-tax payable reaches the effective rate of 10 per cent with an earned income as low as £140 for a single person, £250 for a married couple, and £400 for a married couple with two children; it reaches 20 per cent at just over £250, at £400, and at £600 for the three cases mentioned. The Chancellor has thus met the injunction to increase taxation on this order of incomes, and if he has preferred to do it by the somewhat cumbrous administrative mechanism of the existing income-tax rather than by a new flat-rate tax, the outside commentator will not cavil.

Much the most interesting part of the tax proposals is the system of post-war rebates that the Chancellor foreshadowed. He admitted the criticism of EPT that it tends to exhaust the liquid resources of companies and will therefore leave them in a weakened position for readjusting themselves to peacetime production; and he accepted the proposal for remedying this defect without reducing the present intake of the Exchequer which has frequently been propounded in *The Economist*. One-fifth of all sums paid in EPT will be returnable to the payers after the war, subject to conditions designed to ensure that this money is, in fact, spent on reconstruction. Similarly, the Chancellor forestalled any criticism that his reduction of the income-tax allowances was inequitable by providing that any sums paid as a result shall likewise be returned to the payer after the war by means of a credit in the Post Office Savings Bank. Sir Kingsley did not say whether this repayment, like that of EPT, would be subject to income-tax (the cases are not quite analogous); nor did he say anything of conditions, either of time or amount, attaching to repayment. The sums involved will be large—perhaps £85 millions for EPT and £125 millions for income-tax for every full year that the war lasts—and care will obviously have to be taken about the time at which such an accumulation of purchasing power will be set free. But this is no detraction from the excellence of an innovation which will be generally accepted in 1941 as an incident of tax collection, although it was rejected in 1940 when described either as "compulsory saving" or as "deferred pay."

These are the methods that the Chancellor has

chosen for closing the "gap" and, as has been indicated above, they deserve general approval. But to say this does not dispose of the wider question whether the Chancellor has correctly estimated the dimensions of the gap. It was to this question that the most interesting (and, for the occasion, unique) passages of his speech were devoted. Nor has the Chancellor limited discussion to the statement of his own views. He has taken the quite unprecedented course of issuing a White Paper giving estimates, in a wealth of detail, of all the elements necessary for an informed discussion of the question. It is quite safe to assert that no such analysis of the real character of wartime finance has ever before been issued in any country—least of all during the war itself. The White Paper* is a very welcome demonstration that there is at least one Government Department which does not believe in the unnecessary suppression of facts. It will be received with the enthusiastic gratitude of every student of public finance in wartime and by no one more than by the commentator who has hitherto struggled to make his contribution to public enlightenment with a pitifully inadequate supply of materials. Now that Sir Kingsley Wood has provided the straw, he can legitimately expect that fewer of the bricks will be hurled at his head.

The White Paper contains two sets of figures. One is an analysis of the sources of war finance which has been prepared in the Treasury (its authorship should not be hard to guess); the other is a series of estimates of the National Income which, in the Chancellor's words, "are the very valuable first-fruits of our new Central Statistical Office set up by the Prime Minister." These national income estimates are no less interesting than the other half of the White Paper. But they are perhaps less controversial; their connection with the vital problem of the "gap" is less direct; and they require discussion in some detail. For these reasons the review of this half of

THE BUDGET ACCOUNTS

IN giving his estimate of £4,207 millions for total ordinary expenditure in 1941-42, Sir Kingsley Wood emphasised that it was not comparable with previous estimates and Exchequer issues, since it excludes the value of supplies to be received from the United States under the Lease-and-Lend Act and payments to be made under existing orders there. It does, however, include expenditure in the Dominions and other foreign countries covered by the accumulation of sterling balances, etc.; if this is excluded, expenditure ("domestic expenditure") is estimated at £3,700 millions, compared with £2,055 millions for similar expenditure in the first year of war and an annual rate of £3,190 millions in the first half of the second year.

Revenue last year yielded nearly £49 millions more than the estimate. The largest item of this increase was the combined total of N.D.C. and E.P.T., but it is worth nothing that income tax yielded nearly £13½ millions more than the estimate in spite of the new system, introduced during the year, of collection at source, which means that part of the tax due is not actually paid until after the end of the year. Purchase tax, on the other hand, yielded only £26 millions, £14 millions less than the estimate, owing mainly to the delay of three months in putting it into operation. The decline in foreign trade reduced the yield of duties under the Import Duties Act and the Ottawa Agreements by £20½ millions, and there were other small deficiencies in customs and excise. Nevertheless, the combined total of £529 millions is about £6,000,000 more than the estimate owing mainly to the beer and tobacco duties, which yielded £25½ millions and £15½ millions respectively more than their estimates.

On the basis of existing taxation, revenue for 1941-42 was estimated at £1,636 millions, leaving a Budget deficit of £2,571 millions. This figure is arrived at after reducing the estimated yield of a full year's purchase tax from £110 millions to £70 millions and making other allowances for the effect of limitation of supplies and lower foreign trade on customs and excise generally. The only large change in taxation is in the income tax. The standard rate is raised from 8s. 6d. to 10s., and the reduced rate applying to the first £165 of taxable income is raised from 5s. to 6s. 6d. The earned income allowance is reduced from one-sixth of earned income, with a maximum allowance of £250, to one-tenth, with a maximum allowance of £150. The personal allowances of £170 for a married taxpayer and £100 for a single taxpayer will be reduced to £140 and £80 respectively. The exemption limit of liability to income tax is to be £110 a year instead of £120, which will bring another 2 million persons within the tax. But the extra tax payable as a result of the reduction in the personal and earned income allowances will be credited to the taxpayer, after the war, in the Post Office Savings Bank. These proposals are estimated to increase the yield of income tax by £250 millions in a full year and £150 millions in the current year. The Chancellor has not availed himself of the possibility, for which Lord Simon cleared the way last year, of levying surtax on incomes between £1,500 and £2,000.

These are the only tax increases, and the only other tax change—apart from administrative changes in income tax, estate duties and E.P.T.—is the repeal of the medicine stamp duties, which will cost £640,000 this year and £840,000 in a full year. The estimated deficit—that is, the deficiency of revenue below the somewhat artificial Budgetary total of expenditure—is thus reduced to £2,421 millions.

REVENUE (£'000)

	July Budget Estimate 1940–41	Actual Receipts 1940–41	Estimate for 1941–42 on basis of existing taxation	Estimate for 1941–42 after proposed tax changes
Inland Revenue:				
Income tax	510,500	523,949	605,000	756,000
Surtax	83,000	76,107	80,000	80,000
Estate Duties	86,100	80,777	82,000	82,000
Stamps	19,000	13,678	14,000	14,000
National Defence Contribution	70,000	24,085	210,000	210,000
Excess Profits Tax		72,103		
Other Inland Revenue	1,000	1,015	1,000	1,000
	769,600	791,714	992,000	1,143,000
Customs and Excise:				
Customs	309,350	304,939	310,700	310,700
Excise	213,550	224,100	267,300	266,660
	522,900	529,039	578,000	577,360
Motor Vehicle Duties	35,000	38,006	39,000	39,000
Total Tax Receipts	1,327,500	1,358,759	1,609,000	1,759,360
Post Office Net Receipt	13,291	15,323	3,300	3,300
Crown Lands	1,150	1,100	1,100	1,100
Sundry Loans	5,000	2,553	2,600	2,600
Miscellaneous	13,250	31,132	20,000	20,000
Total Ordinary Revenue	1,360,191	1,408,867	1,636,000	1,786,360

EXPENDITURE. (£'000)

	July Budget Estimate, 1940–41*	Exchequer Issues, 1940–41	Estimate, 1941–42
Consolidated Fund Services:			
Interest and Management of National Debt	230,000	212,957	255,000
Payments to N. Ireland	9,400	9,699	9,200
Other Consolidated Fund Services	7,600	7,476	7,800
	247,000	230,132	272,000
Supply Services (excluding P.O. and Broadcasting):			
Defence Token Votes	4	5	4
Civil Votes	421,202	402,320	418,733
Revenue Departments	14,919	14,788	16,220
Votes of Credit	3,300,000	3,220,000	3,500,000
	3,736,125	3,637,113	3,934,957
Total Ordinary Expenditure	3,983,125	3,867,245	4,206,957
Sinking Funds	...	17,043	...
Total	3,983,125	3,884,288	4,206,957
Self-Balancing Revenue and Expenditure:			
Post Office	81,722	81,722†	93,746†
Broadcasting	4,700	4,695	5,600
Total	86,422	86,417	99,346

* Including supplementary estimates. † In addition, £8,700,000 was issued to the Post Office from Votes of Credit in 1940–41 and £4,970,000 is estimated to be so issued in 1941–42.

the White Paper will be found in a separate article on page 489.

The estimate of the sources from which the war has been financed follows, the method for estimating the "gap" that has become familiar in public discussion. The Chancellor made it quite clear what the inflationary "gap" is. It is the amount of the Government's expenditure against which there is no corresponding release of real resources of man-power or materials by some other member of the community. It is not, of course, the mere excess of expenditure over tax revenue. To arrive at it, not merely the tax revenue but a number of other factors have also to be deducted from expenditure. The first of these is the extent to which foreign capital assets are drawn upon; these capital assets can be converted into goods in foreign countries and there is therefore a real offset against the Government's expenditure. The second (and most obvious) is savings by private individuals arising as a result of their abstention from consumption. A third is drafts on domestic capital—the goods that are drawn out of stock are available for the Government to buy. Another is the extra-Budgetary receipts of the Government—in unemployment insurance contributions, in insurance premiums, etc. A final element is the amount of money put aside by taxpayers to meet approaching tax liabilities. The estimates for all these are shown below :—

	Year Sept., 1939 to Aug., 1940	Six Months Sept., 1940, to Feb., 1941	
		Actual Figures	Per Annum
	£mn.	£mn.	£mn.
1. Total Government Expenditure*	2,597	2,074	4,148
Offsets :			
2. Revenue	1,148	837	1,674
3. Draft on external capital	542	479	958
4. Draft on domestic capital	60	240	480
5. Extra-Budgetary receipts	113	90	180
6. Increase of tax accruals	140	—*20*	—*40*
7. Savings of local authorities, institutions and companies	272	131	262
8. Personal savings	320	320	640
9. Total offsets	2,595	2,077	4,154

* Less increase in Departmental and Exchequer Balances.

The totals, it will be noticed, are virtually the same—in fact, they have been estimated in such a way that they are bound to be identical. It is the Chancellor's contention that, in fact, there was no inflationary "gap" in either period. But the point to be grasped is that this contention is not established by the mere fact that the two sides balance. As the Chancellor himself said, "the national accounts will always balance," and even if there were a large volume of inflation of the crudest sort, it would show itself, not in an item specifically labelled "Inflation," but in a swelling of some of the other items, particularly Nos. 7 and 8 in the above table.

The White Paper figures cannot therefore be taken, as they stand, as a demonstration that there has been no "gap" in the recent past. Some of the figures for the six months to September, 1940, to February, 1941, look rather swollen when grossed up to an annual basis. For example, it is difficult to feel quite confident that drafts on domestic capital at the rate of £480 millions a year, or personal savings at the rate of £640 millions a year, would have been possible without some assistance from the creation of credit—particularly in view of the strong circumstantial evidence that credit was, and is, in fact, being created at a considerable rate. The conclusion must be one of some scepticism about the complete absence of a "gap" in the past six months, even though it must have been small, since inflation would show itself in a rising total of the national income, and the actual rise in 1940 was small and explainable by other causes. Against this, however, it must be remembered that expenditure was steadily rising, that the six months' period for which the estimates are given extended to the end of February, and that some time-lag is inevitable. The scepticism must remain.

The next problem is to move forward from the recent past to the coming year. The first item, of course, is the expenditure. As the Chancellor explained, the passage of the Lease-and-Lend Act makes it inappropriate to include the value of munitions obtained in the United States. The Budgetary total of expenditure, £4,207 millions, is therefore a hybrid; it is neither comparable with last year's total (the Chancellor said that a comparable figure this year would be "far beyond" £5,000 millions), nor is it a figure of expenditure in the United Kingdom, since purchases in other overseas countries are still included. In these circumstances, the comparison is best based on "total domestic expenditure" which in the six months September to February was running at the annual rate of £3,190 millions (item 1 less item 3). For 1941-42 the Chancellor put it at £3,700 millions.

The first question that arises is whether this is enough. There are two causes of a rising total expenditure. One is a rising level of costs. Sir Kingsley Wood has accepted the principle that public money should be used to prevent any further rise in the cost of living, of fuel, or of transport. If, in accordance with his hopes, this can be translated into a similar stabilisation of wages, then he will have been justified in assuming that there will be no further rise in the level of costs, and consequently no expansion of expenditure from this cause. The hope is one that will be shared; but it is a rather sanguine one. Even if wages as a whole can be pegged, there are certain forms of highly desirable activity—training, women's munition work, some forms of heavy male labour—which will almost certainly have to increase the wages they offer. But even if the Chancellor were entirely successful, an increase of only £510 millions—only 16 per cent—seems disappointingly small for the second cause of rising expenditure—that is, rising production. It is impossible not to suspect that the old sin of under-estimation has again been committed, and that the eventual figure of domestic expenditure will be several hundreds of millions more than £3,700 millions.

On the basis of his own figure of £3,700 millions, the Chancellor estimated the prospective gap, before allowing for new taxation and increased saving, at £500 millions. The reasoning is easy to follow. Revenue on the pre-existing basis of taxation would bring in £1,636 millions, the other offsets, on the same basis as in the last six months, £1,522 millions—a total of £3,158 millions, leaving a gap of £542 millions. This the Chancellor proceeded to fill by his new taxation with its yield of £252 millions in a full year (but of only £150 millions in the current year), and by assuming an increase of between £200 and £300 millions in personal savings. This is unquestionably the way in which the sum should be done. But while the method can be accepted, there is more difficulty about accepting the figures. Two possible sources of "gap" have already been indicated : the possibility that there already was a gap of a few hundred millions in the past six months and the likelihood that the expenditure has been under-estimated. It is difficult not to see a third piece of optimism in the belief that "genuine" personal savings, which were only some £150 millions in 1938, will have risen to between £840 and £940 millions in 1941-42. The Chancellor's belief that he has closed the gap represents the most optimistic view that can be taken of the position. It is possible to put against it the not unreasonably pessimistic view that there may be a "gap" in the coming year of several hundred—perhaps a thousand—millions.

Sir Kingsley Wood's Budget is thus one which, in its qualitative aspects, can be greeted with almost unqualified enthusiasm. And that is a great gain, even if scepticism about its quantitative details still obstinately lingers.

* "An Analysis of the Sources of War Finance and an Estimate of the National Income and Expenditure in 1938 and 1940." Cmd. 6261. H.M. Stationery Office. 3d. net.

Impasse in India?

ON Tuesday, the Viceroy of India had a meeting with Sir Tej Bahadur Sapru, lawyer, landowner, and Liberal president of the recent Bombay conference of Indian moderates. This meeting may be a straw in the wind. It is now nearly a year and a half since the retirement from office of the Congress Ministries led to the suspension of the Indian Constitution in seven out of the eleven Provinces of British India. The war effort has grown; and both central and provincial government have gone on. But the political difficulties remain; and it cannot be said that the prospects are reassuring.

The immediate cause of the present trouble was the outbreak of war. India was declared to be at war without any attempt by the Viceroy or the British Government to associate India's political leaders with this decision. The terms of the Congress party for a vote in the Assembly in favour of the war would probably have been a Declaration of Independence and a Constituent Assembly. Mr. Gandhi's creed of non-violence would not have allowed him to sponsor active participation in the war. But behind this immediate cause of the trouble, the root of the problem is that the two chief Indian parties are pursuing irreconcilable ends. The Congress party seeks to make one party synonymous with the State. The Moslem League is determined to prevent the coming into existence of any Central Government which is predominantly Hindu. In recent months, this division has become more acute, for the Moslem League has committed itself to the demand for Moslem secession from Hindu India and for the creation of a Moslem "Pakistan" in the North-West.

Clearly, as long as the two main parties remain obstinately attached to these antithetical policies there is no hope of any constitutional settlement between them. There is indeed only one way in which India's political development can be brought back on an even keel; and that is by agreement and co-operation between Indian politicians. It was presumably the belief that day-to-day co-operation between Indian leaders in the "management" of Indian affairs might restore equilibrium that led to the Viceroy's famous offer of last August. This offer was to set up an enlarged Executive Council at the centre, which, though not responsible to the legislature, would be composed of the main party leaders. It went further. It was promised that representative Indians would have the opportunity of drawing up a new constitution after the war. Both Congress and the League rejected the offer. Although one section in Congress did work in August and September for a settlement on the basis of the offer—with a coalition Cabinet, responsible to the legislature and receiving full Congress support—the party's stand was still for independence. The whole process of discussion was clumsy and maladroit on both sides.

A chief trouble in these abortive months was the status of the Executive Council. In principle, the Executive Council is the pivot of Indian government, and the Viceroy was perfectly right in making its membership the basis of his offer. In practice, however, it is no more than a committee of departmental heads. It has ceased to discuss policy. In the eyes of Indians, membership of this body meant no effective increase in native control over Indian affairs. Some attempt was made, by the Viceroy in India and by Mr Amery in London, to sketch the status of the enlarged Council. Mr Amery suggested that an executive on the lines of the United States, chosen for a term of years and not directly responsible to the legislature, might suit India better than the English Cabinet system. But, in general, Indian opinion was that the proposal was too vague.

In November the Viceroy abandoned his attempt to enlarge the Council; and since then the Government of India appears to have decided that there is nothing to do but wait. It is useless to ignore that this policy of "masterly inactivity" has caused a wave of uneasiness among the non-official population in India. Their complaint is that, while the Government is deliberately holding its hand, there is being piled up in the country material for future trouble. There is a demand that the Government should take the initiative again in seeking a settlement. But it is only fair to recognise the many additional burdens thrown on the Government by the breakdown of the constitution and the task of organising India's war effort. The political problem is appallingly complex. Congress and the Moslem League are agreed only to differ and to oppose the Government.

Yet there is another side to the picture. No section of the opposition in India is pro-Nazi. It is parochial. It is far more concerned with India than with Europe or with the threat to India from Europe. But it is not hostile. Moreover, the present political leaders of Congress and the Moslem League are not all-India. They are much the biggest "parties." Their formal followings are a notable proportion of India's 400 million people; but, even where they follow, the extreme and intransigent attitude of their leaders is probably not the policy that they would voluntarily choose. Congress makes the mistake of assuming that it speaks for all Indians; the Moslem League makes the mistake of assuming that it speaks for all India's 90 million Moslems; the Government of India makes the mistake of assuming that Congress and the Moslem League are India. In fact, there is a middle opinion which has lately become somewhat more articulate; and, from time to time, there have been glimpses of a more conciliatory attitude even among the leaders of the two main parties. Neither is unconditionally opposed to participation in the war effort; and Congress has even expressed its willingness to serve in a "National Government" under a Moslem premier.

The great virtue of the Viceroy's offer is that it set the ball of discussion rolling among India's moderates, and attracted discussion to the status and powers of the Executive Council. The offer failed. The Viceroy said that it was useless to bring Indians into the Council unless they were *representative*, and by representative the Viceroy meant representative of the main parties. Congress replied that such a council would be useless unless it was *responsible* to the legislature. But the moderates, while ready to agree with the Viceroy that the Council should be responsible to the Crown and not to the legislature, believe that it is possible to make such a Council sufficiently representative of the common factors in Indian opinion to render it *responsive* to that opinion. In November a search began for a form of National Government or preponderantly Indian executive, within the framework of the Constitution, which would satisfy both official and the majority of Indian wishes. Mr Amery himself, Secretary of State for India, laid down as the British policy that the Indians must find a way out themselves. He said that, from the British point of view, the Viceroy's offer was the most that was practicable. In December, Sir Tej Bahadur Sapru, as a Liberal spokesman, suggested the formation of a National Executive, made up of non-official Indians, and including an Indian Defence Minister, to be responsible to the Crown. This was an honest attempt to explore and define the possibilities of the Viceroy's offer and to bring it into line with Indian sentiment—for all Indians, moderate or extremist, wanted a National Government of some sort. To the end of the year, however, the Viceroy remained pessi-

mistic. He reiterated that Dominion Status for India was still the objective of British policy; but he declared that "we had done everything in our power."

By now the situation was confused by the irresponsible and totally irrelevant anti-war movement organised by Mr Gandhi, which led to hundreds of regrettable arrests and to the general exacerbation of feeling. By February, over three thousand Indians, many of them eminent, had been tried, convicted and imprisoned; 700 were still detained without trial. This pointless clash and the uncompromising statements of Mr Gandhi and Mr Jinnah of the Moslem League stiffened the growing opinion that a settlement should be arranged. Moslems, Hindus, Nationalists, Liberals and the Provincial Premiers met to discuss; Mr Gandhi himself saw Sir Tej Bahadur Sapru in March; the National Liberals declared themselves for Dominion Status two years after the war. Last month's conference in Bombay was the climax of these discussions. In brief, it called for a Cabinet with non-official Indians holding all the portfolios, including Defence and Finance, responsible to the Crown, but responsive by its character and composition, not only to the legislature but to the bulk of Indian opinion.

There is a tendency for official opinion to regard the situation as hopeless. The Bombay programme tends to be dismissed as unreal because it ignores the conditions which have led to the present difficulties. It overlooks, it is claimed, the gulf between Congress and the Moslem League; and it forgets the refusal of these two parties to have anything to do with the Viceroy's offer—from which the Bombay programme, in a sense, has sprung. It is argued that, if the Government were to show signs of weakening before the pressure of opinion, here or in India, Congress would push its extreme demands and refuse any compromise. Congress and not the Viceroy, it is urged, must consider the Liberal plan first.

It is, of course, true that these Liberals, like Liberals in other countries, are relatively only a handful. Even though they may speak for India, in the sense of putting out proposals which would satisfy the common factors in national, as distinct from purely partisan, aspirations—as, indeed, they do—they do not speak for any considerable organised body of Indians. They are not leaders. Their demand for the declaration of a time limit for Dominion Status will surely evoke as widespread a sympathy in this country as it does among the generality of Indians; but the official reply is that it is difficult to make a pledge now which the state of Indian politics might make it impossible to fulfil later on.

There is a feeling of disappointment in India as well as in Britain. "Masterly inactivity," however expedient, is not really a policy. Nor is it really any final justification to say that the problem seems scarcely soluble. Indeed, to the eternal loss of India and the British Commonwealth, it may not be soluble. Every item in the difficulties listed by official spokesmen must be admitted. But the British Raj cannot seem to sulk. It may be India's duty to solve India's problems; but it is the British Parliament's responsibility to aid in that solution, and no opportunity, however small, should be left untried. In this eddy of moderate opinion there may be an opportunity.

One thing at least the Viceroy can do, as he waits for Indian intransigence to wear itself down; and that is to set his own house in order. By his side, in June, he will have a new Reforms Commissioner in Mr H. V. Hodson, young, able, a former editor of the *Round Table* and one-time member of *The Economist's* editorial staff. An old Imperial air still hangs about the Government of India which the Constitution itself does not call for. It is shrouded in secrecy; and its Executive Council, the central element in the Constitution and in any workable reforms in the future, has been allowed to rust and languish. While it is a figurehead, the Council will attract no Nationalist members, on any terms. India wants the leadership which neither Congress nor the Liberals, for different reasons, can give. A Governor-General with the understanding of a Lord Irwin or a Lord Tweedsmuir might give that lead.

Hitler's New Front

ON April 6, 1941, about half an hour before the official Notes declaring war had been delivered to the governments of Greece and Jugoslavia, Germany invaded both countries. The pretext—that the Greeks and Jugoslavs had frustrated Germany's peaceful intentions by bringing the British into the Balkans and that German troops must now restore peace, order, and independence—barely merits recording. It is difficult to imagine for whose benefit these masterpieces of blatant falsehood are compiled. It must be a matter of profound indifference to the German people whether or no there is an excuse for each new chapter of slaughter, and the outside world has long since ceased to listen. The declaration of war was met in an undaunted spirit both in Greece and Jugoslavia, and was followed immediately by the announcement that British troops had arrived in Greece some weeks earlier in order to meet such an emergency.

The first attacks fell in the south, and it is clear that no Greek positions can long be held east of the Vardar. Western Thrace is already evacuated, and although small Greek forces in the Struma Valley have put up a fierce resistance, their flank has been turned by a German drive down the Strumitza and Vardar Valleys from Jugoslavia into Greece, where, after capturing Boiran, the Germans have forged ahead to Salonika. The speed of this move suggests that the Germans caught the Serbs unawares and that there was not enough time in the week before the outbreak of war properly to co-ordinate Greek and Jugoslav defence.

It is impossible to say yet how many troops have been cut off in the Struma Valley as a result of the German advance to Salonika. The Greek communiqués have spoken only of Greek forces and unofficial reports suggest that the British forces are massed on a line to the south-west of Salonika.

The news from Jugoslavia is discouraging. By forcing their way down the Morava and Vardar Valleys the Germans have taken Nis and Skoplje, and it is difficult to see how the Jugoslavs can now prevent the Germans from driving a wedge between the Jugoslav armies, north and south. The military position in the west is more favourable. The Jugoslavs are advancing in Northern Albania. Scutari has already fallen, and another Jugoslav column is said to have crossed the Eastern frontier. Here possibly it can make contact with Greek forces between Pogradets and Lin, and their combined pressure should have awkward consequences for the Italians, already weakened by costly offensives and discouraged by their failure.

There have naturally been important diplomatic reactions to Hitler's latest act of aggression. The British Minister in Budapest has been withdrawn now that Hungary has become a base for an attack upon Britain's ally, Jugoslavia. That the Hungarians may be compelled to play more than a passive part is suggested by the suicide of their unhappy Prime Minister, Count Teleki, who saw no way of reconciling Germany's demands with even the nominal independence of his country.

The Turks have made no move, and the Treaty of Ankara has at last received its definitive interpreta-

tion. It guarantees Turkey in event of an attack upon Turkish territory but imposes no binding *quid pro quo*. The Turks are, it is true, performing some sort of negative rôle in that they keep one or two German divisions immobilised on the Turco-Bulgarian frontier, the strategic difficulties in the way of intervention, great in any case, have become insuperable with the German occupation of Dedeagach. It is also true that Turkish policy is very much under the influence of Russia, and the key to Turkey's attitude is to be found not in Ankara but in Moscow.

The Russians are obviously angry and perturbed at Germany's relentless advance towards the Dardanelles. They are equally anxious about their long, vulnerable frontier with the Reich. There are, from the Russian point of view, many disquieting signs that the Germans, foiled in their attempt to smash their Western front first, may be returning to their earlier plan of first settling accounts in the East. If this were their plan, the Balkan fighting might well be a limited campaign designed to free the German flank while the real drive would be yet to come—against the Straits and Turkey and against the Ukraine. Russia's recent diplomacy can be explained in terms of such preoccupations. The Russians are still anxious to avoid open provocation. They will not come to anyone's assistance, and they must at all costs keep their armies intact. They are equally anxious to ensure that Turkey will, on the one hand, preserve its strength for the defence of the Anatolian bridge to the Caucasus and on the other, fight when the German onslaught begins. Hence the guarantee to Turkey which specifically covers only a defensive war. In the Balkan peninsula, it is to Russia's interest that all possible resistance be offered immediately so that the Germans' preliminary campaign shall be as prolonged as possible. A great welcome was therefore given to the Simovitch régime in Jugoslavia, and Russia went as far as was compatible with giving no provocation to Germany in encouraging the enthusiastic pan-Slavism of the Serbs. This is probably the meaning of the Russian-Jugoslav Pact of Friendship and Non-aggression signed on the day of the German invasion.

Whatever the outcome of the Balkan war, it must not be forgotten that the very fact of a Balkan war entails a setback for the Nazis, and that every day it lasts is a day lost to them. Hitler has done all in his power to keep South-Eastern Europe out of war. The Balkan countries are sources of supply whose necessity to him has been vastly increased by the blockade. Balkan communications play a vital part in bringing the supplies not only of South-Eastern Europe, but of Soviet Russia to the Reich. Now the crops, the mining installations, the factories, the oil storage plants and refineries of the Balkans have been brought within range of the British bomber, while the roads and railways are congested with military traffic. As the range and power of British bombers increase and the devastation of war spreads, supplies and communications will be the first to suffer.

At the same time, while the original plans of the German High Command have not been published, it seems certain that the Balkan war has compelled Hitler to modify his general strategy. The concentrated attack on this country must be delayed, there has already been a diversion and dilution of Germany's military resources. All this is pure gain, whatever the outcome of the Balkan campaign. Losses are inevitable on its difficult terrain. The Germans have a great local superiority, and one at least of their adversaries, Greece has already borne the brunt of six months' exhausting struggle. It is as well, therefore, to bear in mind the concrete advantages the Allied cause has already gained in order to balance them against any reverses that are to come.

NOTES OF THE WEEK

Calling all Men?

The aim of manpower policy is now clear ; its actual direction is less plain. The aim is to keep out of the Forces only those individuals who are indispensable men in indispensable work. The new Schedule of Reserved Occupations and Protected Work is intended to make the comb of calling-up finer. Until now, men of set ages have been reserved if they belonged to one of a list of " occupations ". Now the ages for reservation in most occupations are to be raised in three stages—probably April, June and October; and, in addition, men in registered establishments in certain industries which are to be called " protected " will be reserved at a lower age. So far, this is still the principle of reserving men in occupational groups, with no specific regard to their actual tasks, though the protected groups are much smaller than the broad categories of the old Schedule. But the distinction is drawn, within the same industry or occupation, between men who are doing protected work and men who are not ; not all men in protected establishments will be protected; and it is laid down, as a directive, that, even in armament work, young men should not be kept on in work which could be done by older men or women. Nevertheless, it remains doubtful whether the stated aim will in fact be attained. The point is that individual workers are still not being treated as individuals, but in groups. The possibility of dispensable men being kept in indispensable work has been fined down considerably ; but, broadly, it is still left to individual employers to see to the national interest.

* * *

A Man's Job

The most cursory glance at the revised Schedule of Reserved Occupations and Protected Work shows that the old bogus principle of " occupation " has been widely retained. To take only one example (chosen strictly alphabetically), accountants and actuaries are still to be reserved at 30 or 35. Actually, to make the new principle of individual selection effective, no accountant or actuary should be reserved at any military age unless it can be proved that he, individually, is an indispensable man in an indispensable job. True, there is now provision, on an individual basis, for the complementary task of ensuring that indispensable men in occupations which are not reserved—or not reserved at the ages of the individuals concerned—shall not be taken away ; and the young women who are to register in age groups from this month onwards are to be individually interviewed. But the virtue of the selection interviews for women is now to be whittled down by the imposition upon them, too, of this detailed Schedule of Reserved Occupation, which will keep a large proportion of them away from registration altogether. Some people in most of the occupations listed are indispensable, but not by any manner of means all; and, if the full and effective mobilisation of labour that is spoken of is really to happen, there is a good case for scrapping the rough-and-ready principle of " reserved occupations " entirely, for both men and women. It is the individual and the work that he or she is individually doing that count.

* * *

Strikes in the U.S.A

The strike in the bituminous coal industry and the threatened strike in the United States Steel Corporation's plants have been referred to mediation, but the long Allis Chalmers dispute is dragging on and the River Rouge strike against the Ford Company has caused the closing of other Ford plants. All these strikes and threatened strikes are in industries vitally concerned with national defence, and there is no doubt that public opinion is beginning to show impatience and irritation. The President is faced with a very awkward problem. The right of workers to organise has been written into the law ; it has been championed by the President and

upheld by the Supreme Court. Where employers are resisting that right, they are undoubtedly breaking the law, and such is the reputation of United States' capital in its dealings with labour that there should be strong *a priori* sympathy with the position of the workers. It is significant that Mr Ford, one of the worst employers with regard to trade union rights, has used the expedient of securing a Federal Court injunction to prevent picketing by the CIO. It is a move which has a literally bloody record in United States industrial history, and is —and was intended to be—provocative. On the other hand, the workers are alienating all claim to public sympathy by both the violence with which they are conducting the strikes and the extent to which the stoppages are due to so-called "jurisdictional" disputes, that is to say, the competing claims of the AFL and the CIO to organise and direct the workers. The general public is not prepared to see the country's defence programme held up and the efficiency of America's help to Britain impaired by what is generally held to be a personal feud between Mr Philip Murray, of the CIO, and the veteran Mr William Green, of the AFL. Demand for presidential action is growing, and Mr Roosevelt is likely to be faced with the problem of enforcing a decision on men whose right to decide for themselves he has always upheld.

* * *

Benghazi Evacuated

The evacuation of Benghazi, followed by further German and Italian claims of an advance along the coast to Derna and Barce came as a sad disappointment to the British public. The speed and daring of General Wavell's advance captured people's imagination both in this country and across the Atlantic, and when General Wilson was made Governor of Cyrenaica the feeling was widespread that one phase of the African war had been brought to a successful end. With the original fall of Benghazi, however, the decision had to be made whether the Imperial forces in Cyrenaica were to complete the capture of Libya by advancing to Tripoli or whether the situation created by the occupation of Bulgaria by the Germans demanded the despatch of all possible men and materials to Greece. Since the decision to aid Greece and the despatch of troops to the Greek mainland unquestionably influenced Jugoslavia's fateful *coup d'état* and heartened the Greeks to continue their struggle against overwhelming odds, it cannot be said that the decision was wrong; least of all can the armchair strategists at home cry out against it and demand post-mortems now that the weakening of the Cyrenaican front is being exploited by the Germans. It is likely that the Imperial forces were surprised by the size and weight of the German attack, but in Cairo it has been rightly pointed out that in desert as in sea warfare, it is not the occupation of strategic points so much as the loss or capture of men and materials that is really decisive. The Italians lost over 150,000 men and vast stores of equipment. It cannot therefore be said that the Cyrenaican campaign was fought in vain. In the long run, too, it may be that, by tempting the Germans on to a front where their lines of communication are as difficult to maintain as those of Britain, a struggle may develop in which, faced with comparatively equal odds, the Imperial forces can break the legend of the German Army's invincibility as conclusively as their comrades in the R.A.F. have exploded the legend of the *Luftwaffe*.

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After Addis Ababa

The Italian collapse in East Africa—which the fall of Addis Ababa and the subsequent fall of Massawa have brought within reasonable distance—will undoubtedly give the Allied High Command in Cairo much needed help in the difficult and hazardous game of timing and priorities. The claims on Britain's Middle Eastern forces are growing daily. Every soldier, every aeroplane, every tank spared from Abyssinia is needed to do the work of three in Greece or in Libya, and although events in the Balkans overshadowed the remarkably rapid drive which brought the Imperial troops into Addis Ababa, the collapse on this front may have decisive effects elsewhere. One consequence will be the opening of the Red Sea to American ships. True, this is a somewhat long-term consideration, but there is nothing to suggest that the crisis in the Middle East can be settled—by either side—with any speed, and to whatever sector of the potential Middle Eastern battlefields the struggle is carried, reinforcements reaching the Suez Canal in American bottoms will mean an enormous reduction in the pressure on Allied shipping space. The immediate problems in Italian East Africa are on the one hand mopping-up operations between Adowa and Addis Ababa; on the other, care for the welfare of the Italian non-combatants. The Italians are always perfectly content to leave their people in British care, and it is fortunate that the Imperial forces have arrived in time —in Asmara, Diredawa and Addis Ababa—to prevent disorder. General Cunningham has not, however, received a *quid pro quo* from the Italians in the shape of surrender. Leaving their women and children to the safe keeping of the enemy, they have withdrawn to Dessie to prolong as far as possible the diversion of British resources from other fronts.

* * *

A War Transport Council

The volume of evidence showing that Great Britain is not making full use of the capacity and flexibility of transport is steadily growing. And as the inadequacy of transport as a whole is seriously impeding the war effort on the home front, the demand for a more enlightened policy has become more insistent. In its eighth report of the 1940-41 Session, the Select Committee on National Expenditure drew attention to the need for speeding up the movement of coal. In its tenth report, it laid bare the failure of transport adequately to second the effort of the merchant marine by the rapid clearance of goods at the ports. Other, if circumstantial, evidence suggests that munition factories are often hampered by the irregular delivery of essential materials and by their inability to move finished goods to their destination on schedule. It remains to be seen whether the War Transport Council, set up by the Minister of Transport to advise him on questions of policy, will solve the problem. According to a communiqué issued by the Ministry of Transport on April 5th action has hitherto been directed mainly "towards the strengthening and, where necessary, reorganisation of each separate section of transport."

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And, since this work is now actively in hand, the Minister has decided "to embark on a new and important step, namely, the co-ordination of all forms of transport from a strategic point of view." The relation between the new Council and the Ministry is to be the same as that between the Board of Admiralty, the Army Council or the Air Council and the fighting departments. The list of its members is as impressive as the Ministry's communiqué is grandiloquent. It includes Lord Stamp (chairman of the L.M.S.), Sir A. G. Boscawen (chairman of the Transport Advisory Council), Mr J. F. Heaton (chairman of Thomas Tilling Ltd.), Lt.-Colonel Sir Maxwell Hicks (chairman of McNamara and Company Ltd. and Allied Transports Ltd.), Sir William Prescott (chairman of Lea Conservancy Board), Mr J. D. Ritchie (general manager of the Port of London Authority), Mr A. Deakin (acting general secretary of the Transport and General Workers' Union), and Mr W. P. Allen (general secretary to the Associated Society of Locomotive Engineers and Firemen). The Parliamentary Secretary, as well as the Permanent and Deputy Secretaries, to the Ministry of Transport will also serve on the Council. But the impressive character of the names is the Council's main weakness. It is a representative body, a federation of transport interests (each of which will wish to preserve its sovereign rights), not a unification of transport. It is doubtful whether such a body, however eminently constituted, will be able, first, to see the problem as a whole and regard and treat the various means of transport as so much interchangeable carrying capacity, and, secondly, to secure the rationing of facilities in accordance with a schedule of priorities. Indeed, there is a danger that the whole transport problem may once more be shelved behind the screen of the new Council, and that it may become a boundary commission demarcating the rights and functions of the various means of transport represented on it, instead of a joint executive to run them as one unit in the national interest.

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Atlantic Casualties

At present, shipping losses are given out some ten days after the week concerned, and this haste to give out news, good or bad, is commendable. Actually, there is a strong case for delaying these announcements. It is true that this information is needed to counter the speedy publication of quite fictitious sea successes by the enemy. But the main aim is to give an accurate view of the course of the Atlantic battle, and the truth is that in ten days not enough is known about what has happened to particular ships to make the losses announced more than very rough and provisional. A Note in *The Economist* last week (on page 442) showed, since the New Year, the frequent wide divergence—which, in the present timetable, is quite unavoidable—between the original figures and subsequent announcements. This week—coupled with the announcement that British, Allied and neutral losses were 77,575 tons in the week ended March 30th—comes the information that the losses for the week ended March 16th—originally 72,000 tons and then raised to 95,000—are now known to have been 146,000; losses in the week ended February 23rd, originally 61,000 tons and raised to 69,000, are now 100,000. Obviously, the announcements should either be delayed by a further week or fortnight or they should be ostentatiously labelled "provisional," and much fuller publicity should be given in the Press and on the radio to the corrected figures—which, of course, are always promptly made known. The aim is a true picture, and it is the duty of the authorities and of the newspapers and the BBC to adjust the balance of their publicity accordingly. The situation at sea is bearable but serious, and the facts should be taken closely to heart by a public whose personal economy can ease the strain. The Forces are striking back with success. But a public, which is given in detail the encouraging news of the tremendous battering of Kiel (where U-boats are made) and told of the Admiralty's confidence in its defence measures, should not be allowed to have an attenuated impression of what is actually happening at sea.

* * *

The Land

Last Thursday's Commons' debate on food production was remarkable chiefly for the clarity of the statement made by the Minister of Agriculture, Mr R. S. Hudson, and for the weight of the criticism delivered by Mr Lloyd George. Both speakers devoted considerable time to an exposition of the seriousness of the present food position, indicated by the necessity of feeding some 6,750,000 more persons than in the last war from an area of arable land which had fallen by some 4,500,000 acres. Mr Lloyd George made effective reference to the comparative rate of sinkings in the first nineteen months of the Four Years' War and the present war—an argument which is reinforced by the latest announcements of shipping losses. By general consent, the failure to take all suggested steps for the reclamation of derelict land, the fertilisation of land freshly ploughed up—Mr Lloyd George made the disturbing statement that, despite substantial ploughing-up in 1939, the increase in output remained negligible—and the provision of additional machinery, especially in hill farms, is due to shortage of labour, machinery and fertilisers. And, in the delicate matter of competition in priorities between the Ministry of Agriculture and the Ministries of Labour, Supply, Shipping and the Service departments, it is still possible that insufficient weight is attached to Mr Hudson's claims. If serious food shortage is to be avoided, the output of home-grown food must be increased much more substantially than in 1939. In the background there remain the problems of British agriculture in normal peacetime conditions. Does the threat of blockade in war compel the adoption of a system which artificially bolsters agricultural production in time of peace? Does cheap food inevitably militate against security? Clearly, the solution of the problem depends on the prospect of post-war stability; but it would be a policy of despair to carry over into the post-war world agricultural ambitions and criteria dictated by the war.

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Crisis in Iraq

The timing of the Iraqi *coup d'état*, by which the High Command has seized power and violated Iraq's constitutional and parliamentary system of government, confirms all earlier suspicions of Axis influence. It has come at a most embarrassing moment from the British standpoint, and if the Balkan campaign is in Hitler's plan a preliminary to more extensive activity in the Near East—say, at the expense of Turkey—the Allies may be faced there with an ugly military situation. The forces which are behind the new military dictatorship in Iraq—notably the pan-Arabian and anti-British attitude represented by the Mufti of Jerusalem—are also at work in Syria, and Axis propaganda has long been attempting to exacerbate local hostility against French and British "imperialism," and to argue that, with the Allies preoccupied elsewhere, now is the time to "throw off the yoke" and to achieve an independent pan-Arab Confederation. It is difficult to say how far the new regime in Iraq has swallowed the whole Nazi bait. The new government, led by Sayid Rashid el Gailani, has declared its determination to observe Iraq's treaty relations with Britain, but the tone of the Press and rumours that Iraqi troops have occupied an RAF airfield outside Baghdad suggests that Britain may have to face a serious challenge

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in the Near East. However, it is not certain that the new regime commands universal support in Iraq. The Regent has retired to Basra, the centre of the Shiite sect, who form the majority of Iraq's population—the Army clique at Baghdad are Sunnite—and has issued a proclamation denouncing the military *coup*. The blow fell when Parliament was in recess. It remains to be seen whether the members will take their exclusion without a struggle. Unfortunately, the Army appears to be united in its support of its superior officers, and in these days of war and rumours of war, this may be decisive.

* * *

Mr Matsuoka Goes Home

Mr Matsuoka is on his way back to Japan. His visit to the Axis capitals has not been uneventful, and it is difficult to picture what went on in his astute oriental mind behind the elaborate compliments and fervent protestations with which his oratory was sprinkled. The Germans gave him his marching orders, maintaining bluntly that Japan could no longer remain aloof, and the time for a drive south to Singapore had come. But there is nothing in the present situation to suggest that the time is riper now than at any other period since the signature of the Axis Pact last September. Hitler's patience may, it is true, be exhausted, but Japan is neither small enough nor near enough to find this a compelling argument. Now, as before, the Japanese will make a realistic calculation of the risks and advantages entailed in a "forward" policy. The mood of the United States is infinitely more war-like than it was last autumn, and it is significant that there has been a joint meeting at Manila between President Quezon, Sir Robert Brooke-Popham, and the Dutch Foreign and Colonial Ministers. Germany has still no *quid pro quo* to offer in return for a Japanese diversion in the Pacific. The Russian question is also unsettled, and here, conceivably, the deterioration of Russo-German relations may help Japan. Ribbentrop could not persuade Russia to come to an understanding with Japan, but the German Army may provide more compelling reasons. If the Germans were to attack Russia, it would be worth some sacrifice on Russia's part to ensure that Japan's attention was turned elsewhere. Mr Matsuoka has at least found enough to discuss to prolong his return visit to Moscow from three days to a week. In the meantime, there have been a series of reverses in Central China and a further strengthening of conservative elements in Prince Konoe's Cabinet. Mr Ogura, the new Minister without portfolio in control of economic affairs, is not an advocate of totalitarian methods while Mr Hoshino, who has been superseded at the Planning Board, undoubtedly was. It is therefore possible that Mr Matsuoka will not find a very adventurous spirit prevalent on his return.

* * *

A Debt Discharged

The balance in the Unemployment Insurance Fund at the end of last December was £54½ millions, which the Unemployment Insurance Statutory Committee (as stated in their eighth report, just published) have decided to use to pay off the Unemployment Fund's debt of £38½ millions, holding the balance as a reserve. The view of employers' organisations was that insurance contributions should be reduced. The trade unions' view was that benefits should be increased; that the three days' waiting period before receiving benefit should be abolished; and that the so-called Anomalies Regulations affecting married women should be withdrawn. The view of the Beveridge Committee, as it is called, is that, since the Fund must be prepared to meet serious unemployment and dislocation after the war, the surpluses made in wartime must be held for the "rainy day"; they are not "disposable" to relieve contributions or augment benefits. It is true that the greater part of this year's surplus has been applied to pay off debt. But it would obviously have been anomalous to have carried, side by side, a large debt and a considerably larger credit balance; and repayment means an immediate gain to the Fund's income account of 3 per cent of the sum paid back. The question whether Parliament, in the Acts of 1934 and 1938, should have laid the debt arising from the depression period, when insurance broke down, upon the Fund is debatable, but not the Committee's business. In 1934 it was £100 millions. This year it has been paid off—in 1941, not 1971, as was originarily arranged; and at the end of next December the credit balance of the Fund, it is estimated, will be about £55 millions—"by no means an excessive provision for the loss . . . in the aftermath of war," if the war should end next year. It is quite impossible to cavil at the Committee's interpretation of its duty, though its acceptance of the present scales of benefit as sufficient in war conditions may be questioned. The hardship imposed by the waiting period on people thrown out of work by air raids is admitted. So, too, is the need to re-examine the regulations now that married women are being called back for war work. But it is Mr Bevin who has emergency powers to deal with these matters, not the Committee.

* * *

Down to Earth

Preparations for planning the use of land and the development of cities are gathering momentum. Early in the war, it was widely urged that the Royal Commission on the Geographical Distribution of the Industrial Population, which had just reported, should remain in being to watch the distortion by war conditions of the problems they had surveyed exhaustively. Now, in a Consultative Panel on Physical Planning appointed by the Minister of Works and Buildings, members of the Commission (including its chairman, Sir Montagu Barlow), together with several experts who put the shrewdest evidence before it, form the core. It is a splendid sign that this planning has every chance of starting with physical facts and not fancy theories. Test surveys are being made of Coventry, Birmingham and Bristol, all blitzed areas. The London County Council has been asked for a plan for London. The committee which was set up to consider ways of preventing speculation in bombed land—a problem of development and redevelopment which, in fact, goes far beyond bombed land—is to report almost at once. And the knowledge that Lord Reith's panel is, on the whole, made up either of the most hard-headed of architects and town planners or of the men who have delved most deeply into the social and economic problems of land use and urban growth is most encouraging.

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Latin America and the Axis

Latin Americans, who attach great importance to international law and correctness of international procedure, have been deeply offended by the Axis attempts to damage or scuttle their own ships, and whatever popular ground Germans have gained for themselves by their propaganda—and it is very small—has been largely lost. Peru is a sufficient example of this. Two German ships attempted to escape from Callao, and on being intercepted, set fire to themselves; two more also scuttled themselves. But the government had evidently decided that the time had come to take general action; the office of the *Transozean* News Agency was closed, the *Lufthansa* Airline was given 90 days in which to wind up its operations, and during this period each aeroplane in flight is compelled to carry a Peruvian officer. The President of the Republic, in taking these measures, has not only had the full support of the Vice-President, whose admiration for the Allied cause is well known,

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but that of the whole people. Meanwhile, it is known that in the neighbouring republic of Ecuador, the *Sedta*, the German airline, is under the close surveillance of the government, which is highly suspicious of its presence and activities. This suspicion was not abated recently when one of the company's machines flew over the disputed frontier zone between Peru and Ecuador, displaying the flags of both nations. This action, by an aeroplane belonging to a company domiciled in Ecuador, rightly roused protest. It was explained with becoming unction that the pilot had lost his way. It was more widely believed by the cynical that here was one more example of German fishing in troubled waters. What could have been gained by exacerbating this already troublesome dispute is difficult to see. Two conclusions are, however, fairly clear. Firstly, if the Germans are not very popular on the West Coast of South America, they have only themselves to thank. Secondly, the gaps left in these air communications provide a supporting argument for the general case for British airways in Latin America. For its broad justification this case rests upon other and more substantial grounds. Admittedly, any such schemes encounter almost insuperable financial obstacles in wartime ; but if the future of passenger and mail transport and even certain types of freight carriage is in the air in Latin America, it seems lamentable that Great Britain, the pioneer of shipping and rail routes in that region, should lag behind. Italian, German, Dutch and French lines were, in 1939, in full activity and development ; and Panamerican Airways controls a remarkable network of lines.

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Holidays Ahead

The Government's decision to allow national holidays on Easter Sunday and Easter Monday was a pleasant surprise. After the cancellation of the Whitsun, August and Christmas Bank holidays last year it almost appeared that Bank holidays had been banished until the end of the war. The grant of the present mercy indicates no slackening in the production drive. It is rather in the best interests of higher output and it is provided that work is to be continued in cases where "requirements are sufficiently urgent." Indeed, this loophole will result in the withholding of the holiday from precisely those workers who most urgently need it and whose productive powers it is most important to sustain and fortify. Last year, the country drew on capital to the extent to which it exhausted reserves of drive and energy possessed by working men and women ; while the short-term need was supremely urgent, this was inevitable. In January, the Select Committee on National Expenditure declared that a reduction in munition workers' hours should take place at once before their health was seriously affected—as it was in the last war. In 1917, it was proved that the reduction of munition workers' hours by a fifth would increase output. Absenteeism, which has been appreciable, is in part at least a sign of undue strain ; and overtime is costly as well as strenuous. In 1941, the whole country is working for a long war and every consideration must be exercised, in the interests of production itself, to ensure that the labour force shall stay the course—and that it shall be assisted to maintain a maximum output over the whole period. The question of summer holidays in industry is still under consideration. Last year, broadly speaking, the industrial population took no holidays. Working longer hours, they passed straight from the strain imposed by the spring campaign and the French collapse to the strain of severe bombing during the autumn and winter. Some relaxation will have to be permitted during the summer, if fatigue and illness are not to reduce output during the crucial winter of 1941-42.

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Gas Precautions

In the last few weeks the public has been urged to take the possibility of gas attacks seriously, and publicity campaigns and rehearsals have been taking place on a scale reminiscent of those for ARP in the months before air raids started. Following up Mr Morrison's broadcast of a fortnight ago, a pamphlet, giving full instructions on what to do in a gas attack, is being issued to every household. Attempts are being made, too, to encourage the public to carry their gas masks. The campaign will be useful, because although before the war the gas danger was grossly exaggerated—as, indeed, were all the perilous consequences of aerial bombardment—the fact remains that on certain occasions in certain places gas may be used, and the facilities for dealing with it ought to be well known, available and in working order. But it would be the greatest mistake if the Government were to take the advice urged in many quarters that carrying gas masks should be made compulsory. Not only would compulsion be extremely difficult, if not impossible, to enforce, but it would cause great irritation and quite spoil the admirable good temper with which most people have treated air raids. The regulations of September, 1939, forbidding all forms of sport and entertainment all over the country were a great mistake. When raiding started in earnest, there was no need to reimpose them, for the people themselves quickly sized up the risks and decided which were worth taking. It may be argued that carrying the gas mask is a simple matter, although the experience of the Lost Property Office of London Transport proves quite otherwise. Nevertheless, air raids have shown that the personal danger element of ARP, such as sheltering and curfew, is essentially a case for empirical treatment. So let it be with gas.

* * *

War Damage: Correction

On page 444 of *The Economist* last week, it was stated that the War Damage Commission would begin its work in the provinces "in about six *months*." This, of course, should have read "in about six *weeks*."

Shorter Notes

It is bad news that a typhus epidemic has broken out in Spain. Fortunately, it has not reached serious dimensions—the number of cases in Madrid up to last week being about 300, with a death roll of 27, while there are smaller outbreaks reported from a few other towns—and the vaccine sent from America is proving successful. But typhus is a hunger plague, and, quite apart from humane considerations, if it were to spread across the frontier to France, the pressure on Britain to relax the blockade would become greater.

*

The regulations governing dependants' allowances for soldiers' dependants other than wives and children have been amended in accordance with the principles of the Determination of Needs Act. In future only the income of the dependant, and his or her wife or husband, and of any sub-dependants will be taken into account, instead of the resources of all members of the dependant's household.

*

When the second hour of summer time comes into force next month it will not, after all, affect the cow, for the time of milking will be governed, not by the new time, but by "ordinary" summer time. The latter will also apply to hours of work for farm labourers.

*

The demands on woman-power have emphasised the inferior status, in respect of pay and conditions of work, of the highly skilled woman's profession of nursing, and there is a prospective serious shortage of nurses in civilian hospitals. Since nursing is an occupation which women can hardly be compelled to take up, the only method to gain recruits is by improving the conditions *vis-à-vis* other jobs. Last week Mr Bevin announced an increase in the salaries of members of the Civil Nursing Reserve, and also a higher rate for those who wish to take up nursing as a life career. The latter will henceforward receive salaries of £40 a year with annual increments of £5. But there is no immediate prospect of putting nurses' salaries on a national basis like those of teachers, and it cannot be said that £40 a year compares favourably with the wages of domestic servants in many districts, even though it includes superannuation rights.

*

The Civil Defence Duties (Compulsory Enrolment) Order has now been applied to Manchester and certain towns in Kent and Sussex, as the number of volunteers for fire prevention duties in these places is insufficient to enable the local authorities to make adequate arrangements for fire prevention in areas not covered by the Fire Prevention (Business Premises) Order. It is to be hoped that the use of compulsion will not cause volunteers to resign in the belief that they will no longer be necessary.

THE WORLD OVERSEAS

Hongkong Faces a New Threat

[FROM OUR HONGKONG CORRESPONDENT]

March 11th

THIS colony has become so hardened to Japanese threats that the sudden alarm raised in Australia, Malaya and elsewhere recently came as a surprise. It has been obvious for some time that the Thailand-Indo-China border dispute was artificially created and that the rôle of mediator was adopted by Japan from ulterior motives. Further developments in her southward drive depend upon the situation in Europe, but the feeling here is that unless Japanese militarists "go mad dog" an attack on British territory is unlikely. With business flourishing, despite the blockade of the China coast, Hongkong has become somewhat complacent, but the military defence of the colony is in a high state of efficiency, and during the past year considerable progress has been made in civil defence. The problem of food reserves has been energetically tackled, and an extensive system of tunnels and shelters for protection against air raids is now nearing completion. It is gratifying to find that the educated Chinese are co-operating wholeheartedly with the local ARP, medical and police authorities; and although the large percentage of destitute refugees is a heavy burden on the community, there is no doubt that the colony is well prepared to withstand any hostile attack.

The Hongkong Government has been subjected to extensive criticism in regard to its financial policy as well as to the administration of certain departments. Unofficial members of the Legislative Council have shown an unusual keenness in debate, and their combined pressure has effected a reduction in the budgeted deficit from $7½ millions to $3,856,000. While there is certainly justification for check on extravagance, the unofficial opposition may discourage the efforts of Government officials to raise the standard of some of the public services which are admittedly low. Chinese tradition has many admirable features which have stood the test of time, but it possesses other features which must undoubtedly yield to the requirements of modern science. The process of change is painful; but with modern China rapidly forsaking the basis of the family unit tradition is losing ground, and it is unfortunate that the progress which enlightened Chinese opinion demands is hampered by financial limitations. The criticisms of Government administration are mainly due to the difficulties of adjusting existing departments to a war footing and of setting up new departments to cope with war requirements. As has been the case with the Ministry at home, some of the holders of office here lack drive and adaptability, but unlike their more illustrious opposite numbers they are sheltered by the rules of the Colonial Civil Service and cannot be called upon to make way for others more fitted to stand the strain of the present exceptional times.

★

Chiang-Kai-shek made a very full reference to the Communist Party's claims to special privileges when addressing the National People's Political Council which assembled in Chungking during the past week. The Communist leaders have been a thorn in the Generalissimo's flesh throughout the course of the war with Japan, but until recently he has been able to hide the trouble they have caused him. His patience has, however, been sorely tried, and he has now openly threatened to take stern action unless they obey the orders of the Central Government. It is difficult to make out what lies behind the dispute, for the published demands of the Communist Party throw little light on it. But it appears that the leaders of the party are insisting upon a much greater share of power, and as the Communist armies are an important part of the country's defence, Chiang-Kai-shek is placed in a dilemma. He is, however, a past master at dealing with awkward situations, and he will strive his utmost to preserve the unity of China which he has achieved in so short a time and in such discouraging circumstances.

Portugal's Calamity—England's Opportunity

[FROM OUR LISBON CORRESPONDENT]

March 1st

As yet no exact estimate of the damage occasioned by recent storm and flood can be made. A figure of £5,000,000 has been mentioned; as an estimate it is conservative. Crops of figs and almonds, sardine boats and nets, olives, cereals and woodlands have gone; from the Algarves in the south right throughout the country into the Serra da Estrela and the Minho the cyclone swept, with torrential rains before and after its blast completing the ruin. The Government and people have behaved magnificently; relief work has begun; and subscriptions in aid of the many personal sufferers are pouring in.

It is, however, to the future that all thinking persons in Portugal look with the greatest anxiety. This will be a black year at best, but if Portugal cannot improve her trade by making the fullest use of the commodities she does export, both home-grown and colonial, it must culminate in deep disaster. On this account there is a general feeling that the recently concluded Anglo-Portuguese trade agreement ought to be put in force without delay. As *O Seculo* writes, in a leading article entitled "Not by words alone . . . ," while kind words and expressions of sympathy by the British Press are most welcome, "England now has an opportunity to show by her deeds what her sympathy for her old and faithful ally is worth." Referring to the trade agreement, *O Seculo* says that while the diplomatic part of the business was speedily put through, the same cannot be said of the practical details. Day by day the position of the country grows more serious. "Is it on account of the exasperating delay characteristic of certain English bureaucratic organisms, apparently pleased at being able to interpose all sorts of obstacles to the realisation of the agreement, or are other causes at work of which we know nothing?"

Such an attitude is most regrettable, the paper continues, adding that it must be admitted that on more than one occasion the delays and the lack of understanding shown, both of their own and of other people's interests, by official departments, have made many steps, tardily taken, of no practical use. They have not even served to attenuate, much less remove, the impression of the ills they were designed to remedy.

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This is straight speaking, and British commercial opinion in Portugal wholly supports the *Seculo's* honest criticism. There is grave danger of Anglo-Portuguese trade relations becoming entangled in a ravelled net of ill-informed, if well-meaning, departmentalism, the keynote of which seems to be: do nothing and then nobody can say you did wrong. Departmentally this may be all right for the subordinates, who thereby hang on to their jobs whatever happens, but it is playing the very devil with British export trade, and, as the *Seculo* points out, it also alienates the sympathies of those who, however convinced they may be of the righteousness of Britain's cause, must eat to live and can only do so by retaining some part at least of a trade sadly diminished through no fault of their own.

The Deterioration of Hungary

[BY A CORRESPONDENT]

April 5th

THE suicide of Count Teleki, who did not feel able to carry on "his difficult and unhappy task," is a tragic revelation of the effect on patriotic statesmen of compliance with Hitler's demands. It emphasises, if emphasis is needed, that Hitler's "New Order" means political subservience and economic deterioration for the countries joining it. Hungary's economic position within its framework is, indeed, the same as that of all Balkan countries; she has to supply Germany with agricultural products and raw materials and to purchase from Germany as many manufactured goods as possible, thus destroying the industrialisation which has been pursued for many years.

That Germany's aim is to reduce Hungary to a purely agricultural country is shown by utterances of the German Press. For example, *Das Reich*, of February 23, 1941, writes that the development of the Hungarian industry is limited by its supply of raw materials and its markets. All the new factories built up since the Great War have a big demand for imported raw materials which is especially unfavourably felt in wartime. On the other hand, the formerly large exports of agricultural products have steadily decreased and the output of the flour mills is now 40 per cent of capacity. By the recent expansion of Hungary's territory, the raw material basis was enlarged by metals, coal, timber, etc. The territory itself, however, is no gain for the country's purchasing power, so that the outlet for industry has not been much increased. The possibilities of industrial development, therefore, are limited, although for armament reasons some branches (for example, an aluminium factory) have been developed already. Quite different —the article concludes—is the position of the export of processed agricultural products, such as tinned goods, which have a good market in Germany. In future, these and agricultural raw materials will make up the greater part of Hungary's export trade.

The war has deprived Hungary of part of her suppliers as well as her customers, although the occupation of Transylvania has provided her with some important raw materials. The increase in prices owing to higher import prices is one of the most critical social problems, because it causes a demand for higher wages. In the last months the lower and middle wages were increased, but so inadequately that they did not even compensate the increased prices of foodstuffs. This higher cost of living, however, is not the result only of higher import prices but also of the small harvest. This year, the area cultivated with winter wheat was 40 per cent smaller than in the previous year owing to the unfavourable weather conditions. In the previous year, the maize harvest was not even sufficient to secure the necessary foodstuffs. The result has been a fall in the number of livestock, and, therefore, there is to-day a shortage of milk and butter, meat and bacon. Ration cards, at first introduced with hesitation, are now increasingly decreed.

Since 1938, the Hungarian economy has been influenced considerably by the Five Year Plan for defence and economic improvement. This plan was effected in half its prescribed time; it not only put a strain on the financial capacity of the country, but it was also necessary to reduce the output of consumption goods in favour of the production of armaments. The investment of 600 million pengoes, however, was not sufficient to finance the necessary armaments, and in the Budget for 1941 the expenditure of the Ministry of Defence is again by far the largest. The Five Year Plan mobilised a fifth to a quarter of the whole national income. The Government has covered three-quarters of this expenditure by higher taxes and duties. In the last financial year, however, expenditure had to be covered more and more by loans, especially since, after the occupation of Transylvania, there arose new tasks to be solved. The "Transylvania Loan" has been intended to mobilise small savings, but as these are not large enough to cover the considerable sums required, more claims on big capital will certainly be made.

Steady Production in America

[FROM OUR NEW YORK CORRESPONDENT]

March 19th

FOR the past four months production has been running rather evenly at a high level. The same may be said for construction, although in that industry seasonal influences are partially responsible for the apparent recession. Seasonal influences are also visible in the department store series. Employment in manufacturing in January was about 10 per cent above January, 1940. If the increase in manufacturing is typical of employment in general, one would infer that close to five million persons had been added to the employed during the past year. This inference would scarcely be justified; but there can be no doubt that the "reserves" of labour, as they were a year ago, have been considerably drawn down. It is also worth noting that, while factory employment was rising 10 per cent, payrolls were rising about 20 per cent. The following table shows the significance of that figure:—

		Factory Employment	Factory Payrolls
January	1937	105	95
	1938	91	75
	1939	95	85
	1940	105	100
	1941	115	120

Since the recession of 1938 there has been a general tendency for payrolls to rise faster than employment. Very likely this reflects the transition from part-time to full-time and over-time.

BUSINESS INDICES

1935–9=100 for industrial production
1923–5=100 for all other series
(Unadjusted for seasonal variation)

	Feb. '40	Dec. '40	Jan. '41	Feb. '41
Industrial production (total)	**118**	**135**	**133**	**138**
Manufactures (total)	114	139	137	142
Durable	*121*	*162*	*161*	*168*
Nondurable	*108*	*120*	*117*	*121*
Minerals	112	114	113	115
Construction contracts (total)	54	93	84	77
Residential	*50*	*77*	*70*	*71*
All other	*58*	*106*	*95*	*81*
Factory employment (total)	105·0	116·2	115·5	—
Durable goods	*99·2*	*117·6*	*118·3*	—
Nondurable goods	*110·5*	*114·8*	*112·7*	—
Factory payrolls (total)	99·3	122·4	120·7	—
Durable goods	*97·8*	*131·6*	*131·9*	—
Nondurable goods	*101·0*	*112·1*	*108·0*	—
Freight car loadings (total)	68	77	78	79
Department store sales	71	179	79	81
Department store stocks	68	66	64	—

One of the more remarkable features of the data is the widening discrepancy between payrolls and such indices of consumer purchases as department store sales. For a long time the index of payrolls and of department store sales ran neck and neck; the recent disparity probably means that the additional income is going into a variety of channels outside the department stores; something that might be called expenditures on amenities or "luxuries" as distinct from necessities.

Refunding in Process

To-day, the Treasury offered $500 millions 11-13-year 2½ per cent bonds for cash subscription, and provided for the June 15th maturity of an equal amount of 1⅜ per

cent notes, by exchange for the new bonds or for two-year ¾ per cent notes. Both issues are subject to full Federal taxation, while the maturing notes had been fully tax exempt. This is the second substantial offering of taxable securities. On the long-term bonds, the tax feature has this time been equated at about ½ per cent; on the notes, it is more difficult to state as the rate has been lifted and the maturity shortened. Supplementing issues of this type, the weekly offering of Treasury bills has been doubled, $100 millions refunding the maturing issues and $100 millions providing fresh money. These bills, formerly fully tax exempt and now fully taxable, continue to go at nominal rates. As has generally been true in recent years, the largest rate fluctuations have occurred in the notes.

Swiss Trade Recovers

[FROM OUR GENEVA CORRESPONDENT]

March 1st

DESPITE all handicaps Swiss foreign trade returns for 1940 were not so bad as was expected. Imports for the year totalled 1,868 million francs, and exports 1,815 millions, thus leaving a low adverse balance of 548 millions. It is the result, on the one hand, of the decrease in imports owing to transport difficulties, and, on the other hand, of the relatively favourable maintenance of exports. Information received concerning activity in industry is not bad at all, and, despite the partial demobilisation of the Army, unemployment has not risen noticeably, Swiss imports are always higher than exports, as the country possesses no raw materials and not enough foodstuffs, and the maintenance of exports is therefore necessary to assure the country's revictualling. The outstanding features of 1940 are that during the last three months exports exceeded imports, and that exports amounted in December to 143 million francs, the highest figure since October, 1938, when they were 134 millions.

Commercial exchanges, which were almost normal until June last, then showed a sharp decline, but they slowly recovered towards the end of the year. This is remarkable in view of the transport difficulties and the disappearance of one of Switzerland's markets, France.

A Swiss Navy?

At the beginning of the war Switzerland chartered a number of neutral ships, mainly Greek, for transporting her goods. These ships were flying the Swiss flag, and, though sometimes detained by the British control, they were nevertheless able regularly to bring their cargoes to the French and Italian ports and ship others there. The situation was changed after the Italian attack against Greece; new ships had to be found, and the question of sea transport reconsidered. The Swiss navy may be a reality in the near future, and no longer a practical joke. The Swiss Federal Government is examining the question of creating a Swiss mercantile marine and of getting the right to fly the Swiss flag on the seas recognised. Once the latter point is settled, Switzerland will be in a position to assure—with the untiring good will of Great Britain—the transport of her goods, thus enabling her trade and industry to work and her people to exist.

★

Balkan Communications

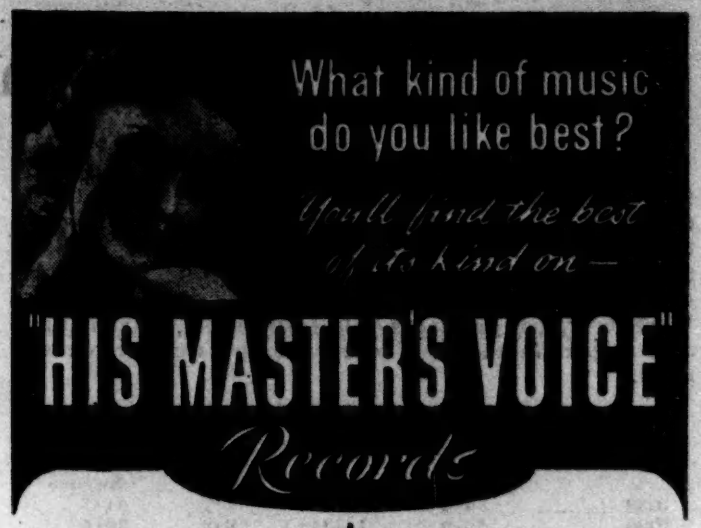
In the article on page 447 of last week's issue of *The Economist*, it was stated that the total Danube fleet of tankers in the summer of 1940 was stated by authoritative Roumanian sources to be 278 *tons*, with a capacity of 1.6 million barrels. This should have read 278 *tankers*, with a capacity of 1.6 million barrels.

Books Received

Mining Year Book, 1941. Walter E. Skinner. 20s. net. The 1941 edition of this useful and comprehensive directory contains the customary full statement of capitalisation and past history of mining companies. The supply of diagrammatic matter is well maintained.

The Hapsburg Monarchy, 1815-1918. By A. J. P. Taylor. (London) Macmillan. 316 pages. 15s. net.

The Smithsonian Institution, Annual Report, 1939. (Washington) Government Printing Office. 567 pages. $1.50.



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The Mountains o' Mourne — A Ballynure Ballad: Trottin' to the Fair — B9164

DICK TODD
Cecilia — To you Sweetheart, Aloha — BD 912
All this and Heaven Too — Where do you keep your Heart? — BD 894
Devil may Care — When the Swallows come Back — BD 869

JOE LOSS
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Down ev'ry Street — The first Lullaby — BD 5661
You say the sweetest Things — Johnny Peddler — BD 5662
The last time I saw Paris — The King is still in London — BD 5666
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German Europe

German Agriculture.—Official German sources estimate the fall in Greater Germany's cereal harvest in 1940 at 10 per cent. The actual harvest in the "Old Reich" might thus amount to 24.7 million metric tons, against 27.4 million tons in 1939. No comparable figures are available for Greater Germany, which now includes the Western Polish provinces, Alsace-Lorraine, Luxemburg, and Eupen-Malmedy. The root crops were, however, good.

ROOT CROPS IN GREATER GERMANY

(In million tons)

	Potatoes	Sugar Beet	Turnips	Mangolds and Swedes
1938	56·4	17·2	7·7	41·7
1939	56·3	13·4	6·8	39·5
1940	58·9	18·4	6·5	40·4
1940*	70·1	21·2	7·3	43·0

* Including the incorporated Polish provinces, called Danzig-West Prussia and Warthgau.

The stocks of cereals laid in before the war should be sufficient for the present bread rations until the new harvest begins; and more favourable weather, a better supply of machinery and labour (i.e., prisoners of war and foreign workers) will probably ensure a better harvest in 1941.

Ten commandments issued to farmers at the beginning of the spring season show the difficulties of the agricultural situation. Any decrease in the acreage under bread grain is forbidden, and the acreage under root crops, oilseeds, and vegetables is again to be extended. The ratio of home-grown feeding-stuffs must be increased. Where there is a shortage of workers, farmers have to form pools for the common use of horses, tractors, and agricultural machinery. The mechanisation programme has been extended, and it is claimed that the number of tractors delivered to farmers has greatly increased.

Since the census of livestock in December, 1939, no new figures have been published. After a temporary reduction in the number of pigs, a further expansion was begun, based on a more intensive collection of kitchen waste and a favourable potato crop. The number of pigs may now have again reached 29 millions, which was the census figure in December, 1939, for Greater Germany.

*

Europe's Contribution.—The incorporation of Western Poland, the conquest of the Western European countries and the subjugation of the four Balkan countries cannot provide any immediate improvement in Germany's agricultural situation—after the very heavy exports of dairy products from Denmark and Holland during the first months of the occupation. In fact, German Europe's agricultural problems, with the exception of Poland, Slovakia, and the four Balkan countries, which are exporting countries, are not different from Germany's domestic problems. Under normal circumstances, that is to say, Continental Europe relied for a third of its fat requirements on overseas resources, mainly oilseeds and marine oils. Net imports of bread grain amounted to 5.5 per cent of total consumption, and the deficiency in feeding grains amounted to 8 per cent. In potatoes, there was 100 per cent self-sufficiency, but net sugar imports may be estimated at 7 per cent of the total consumption.

German wartime agricultural policy, which now extends to all European continental countries, except the remaining neutrals and Greece, aims at 100 per cent self-sufficiency for their requirements under a complete system of rationing. It varies from country to country. In Denmark and Holland, whose meat and dairy exporting industries depend on imported feeding-stuffs, drastic changes are effected by curtailing the livestock population. In Belgium, normally a heavy importer of bread grain, the cultivation of cereals and root crops will be extended. In France, which is nearly self-sufficient in cereals and root crops, but normally dependent on the imports of 50 per cent of fat requirements, a large expansion in the cultivation of oilseeds and olives is laid down. In the annexed Polish provinces, large-scale agriculture is directly being organised by the Germans, aiming at an increase in the yield of cereals per acre of 50 per cent or even 100 per cent. At the same time, these provinces are used for extending the cultivation of oilseeds and industrial crops.

Lastly, there remain the four Balkan countries, Hungary, Roumania, Jugoslavia, and Bulgaria. An important part of Roumania's agriculture was lost to Russia by the cession of Bessarabia and a part of the Bukovina.

Germany's policy is to reorganise agriculture over the entire Continent by concentrating the livestock industries in countries favoured for the production of feeding-stuffs, especially maize, barley, potatoes and sugar beet; that is to say, the countries of Eastern and South Eastern Europe. In Western Europe, a "balanced" agriculture, providing the total requirements of bread grain and the greater part of meat and fats, is envisaged. The immediate plans now being put into operation only attempt wartime self-sufficiency for each country under German rule, and the exportable surpluses of the Balkan countries will be requisitioned for the supply of Germany's deficiencies; these exportable surpluses, in fact, are distributed between Germany and Italy and some neutral countries according to a system of quotas settled at intervals by mixed committees of representatives of the countries and Germany. All this can only be done by imposing on the occupied and dependent countries Germany's peculiar and compulsory system of agricultural organisation.

*

Finance and Banking.—At the end of 1940, the disclosed national debt had increased from Rm. 37,300 millions on August 31, 1939, to Rm. 82,600 millions, or by 122 per cent. Total notes in circulation increased during the same period from Rm. 8,705 millions to Rm. 14,033 millions, or by 61 per cent. Total Reich revenue developed as follows, in 1,000 million Rm.:—

Twelve months	April 1, 1938	to	March 31, 1939	17·7
" "	" 1939	"	" 1940	23·6
Nine months	" 1940	"	Dec. 31, 1940	20·4

For the whole financial year 1940-41 total revenue is estimated at Rm. 26,000 to 27,000 millions, and the financial year ended 1941-42 is estimated to yield Rm. 30,000 millions. The total national income of Greater Germany in 1940 is estimated at some Rm. 110,000 millions against Rm. 88,000 millions in 1938.

*

Banking.—German banks have entered on a new phase of territorial expansion in the incorporated territories of Austria, the Sudetenland, the Protectorate Bohemia-Moravia, the western provinces of Poland and in some of the occupied countries. Some relevant items of leading banks may be taken as representative.

	Berliner Handelsgesellschaft		*Commerzbank*	
	In million Rm.			
	1939	1940	1939	1940
Total assets or liabilities	339·2	400·2	1,746.0	2,035.0
Bills	52·9	45·1	400·7	442·0
Treasury bills, etc.....	85·8	146·0	370·0	809·9
Investments	45·7	50·9	122·3	330·0
Advances.....	102·2	102·7	652·4	486·0
Deposits and current accounts	268·4	338·0	1,266·0	1,717·0
Acceptances	25·0	13·9	155·0	121·0
Savings deposits	...	...	218·6	307·0

The increase in Treasury bills is part of the development of controlled finance. The influence of the war is shown in the increase in deposits, amounting to 26 per cent in 1940 against 12 per cent in 1939. The peculiar position of the *Berliner Handelsgesellschaft*, which is a kind of private central bank, prevented an actual decrease of advances; but the fall in acceptances is clearly due to the successive reductions in the interest rate. Of the investments of the *Commerzbank* in 1940, 83 per cent are Reich loans; they increased by 30 per cent in 1940. Deposits increased by 36.4 per cent and savings deposits by 40.4 per cent. The extended activities compelled the bank to increase its capital from Rm. 80 millions to Rm. 100 millions.

THE BUSINESS WORLD

The National Income

THE estimates of the national income contained in this week's White Paper provide information not only in fuller detail but more promptly than has hitherto been available. The main estimate is of the size and components of "net national income" for the two years 1938 and 1940 and also for each quarter of 1940 separately. These totals are shown (in millions of pounds) in the first line of the following table. The other sections of the table show, in percentages, the main constituents of the total of income and the main heads of expenditure:—

	1938	1940				
	Year	Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net national income	4,415	5,586	1,266	1,399	1,456	1,451
Rents	% 8	% 6½	% 7	% 6½	% 6½	% 6½
Profits and interest (before deduction of tax)	27	27	27	27½	27	26½
Salaries	22	20½	20½	20	20½	20½
Wages (including payments to armed forces and shop assistants' salaries)	41	44½	43½	44½	44½	45
Other income	2	1½	1½	1½	1½	1½
Consumption	77	64*	66	64	62	63
Expenditure of central and local government	19	53*	42	45	59	67
Net investment or disinvestment	4	—17*	—8	—9	—21	—30

* No figure given in White Paper; figure printed is average of four quarters.

These figures provide material for a whole series of studies in economic morphology; but for the moment two comments must suffice. The first is to point out the rapid increase in the share of wages in the national income under war conditions. The second is to underline the very large dimensions to which the disinvestment of capital can grow for short periods. The heavy figure shown for this item in the last two quarters, which permitted the total of private consumption and Government spending to rise to 130 per cent of the net national income, was presumably a reflection of the very rapid employment of the dollar reserves. In the nature of things, it could not continue for long; it is the exception that proves the rule that a belligerent must pay for war almost entirely out of income.

The comment on the figures which is likely to strike the layman most strongly is, however, the comparative smallness of the net national income. In the final quarter of 1940, it is given at the annual rate of £5,804 millions. But in that quarter the total of Government expenditure was at the annual rate of £4,261 millions; and though it must be remembered that part of that total was met out of the disinvestment of capital, it must also be remembered, on the other side, that the figure includes only the net result, not the gross operations of the Ministries of Food and Supply. Is it conceivable that the Government is already spending so high a proportion of the national income? And how are figures of the national income such as those given in the above table to be reconciled with the very much larger figures that have been current in public discussion?

The explanation lies in a confusion of definitions. "National income" is a technical term of which the statisticians have never made as precise definitions as they should, and the figures contained in the White Paper enable the matter to be cleared up for the first time. Let us first set out all the ingredients that might enter into the national income under any of the possible definitions:—

	1938 (£ millions)	1940 (£ millions)
1. Net national income (as above)	4,415	5,586
2. Transfer incomes (*i.e.* incomes given without any current return, *e.g.*, National Debt interest, old-age pensions, etc.)	490	494
3. Direct tax liabilities of individuals and net incomes of institutions	757	1,169
4. Depreciation allowances	400	400*
5. Indirect taxes and rates	643	868
6. Disinvestment of capital (in excess of depreciation allowances)	—	549

* No figure given in White Paper; assumed the same as in 1938.

It is possible to distinguish no less than six separate definitions of the national income, with two variants of some of them.

The first is the net national income as estimated in the White Paper. This is the value of the national output of goods and services, over and above those required to maintain and replace the national capital. There are two methods of valuation: the first at *factor cost* (that is, at what it costs to produce this output), the second at *market prices* (that is, at cost plus the indirect taxes and rates that have to be added in before the output can be sold). The first definition can thus be recorded as follows:—

	1938	1940
1a. Net national income at factor cost (Item 1 in above table)	4,415	5,586
1b. Net national income at market prices (Items 1+5)	5,058	6,454

Secondly, there is gross national income, which is the net figure with the addition of the depreciation allowances. The justification for using this definition, in some contexts, is that the goods and services used for main-

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taining capital are currently produced and are available, at a pinch, to meet current expenditure:—

2a. Gross national income at factor cost (Items 1+4)	4,815	5,986
2b. Gross national income at market prices (Items 1+4+5)	5,458	6,854

Incomes that are enjoyed without any current return to the community, such as National Debt interest and old-age pensions, are not properly included in the national income. But they are subject to taxation and must therefore be added in if the figure required is the corpus of incomes on which the Government can levy:—

3. Net individual incomes (Items 1+2)	4,905	6,080

Still another figure is the total of net individual incomes *plus* depreciation. This is the *apparent* total of current output ("apparent" because it includes the double counting of the transfer incomes; "output" rather than "income" because it includes the current production needed to maintain capital). This figure is useful as a measure of the corpus of incomes on which the Government can levy if the maintenance of capital is neglected.

4. Gross individual incomes (Items 1+2+4)	5,305	6,480

For other purposes it may be desirable to know the sums of money that persons, as distinct from corporate bodies, have available to spend. To arrive at this figure, their direct tax liabilities and the net incomes of institutions (i.e., in the main, the undistributed profits of companies) must be deducted:—

5. Personal spendable incomes (Items 1+2−3)	4,148*	4,911*

The last variant is hardly "income" at all, but it is nevertheless a magnitude that is of particular relevance to the problems of war finance. It has already been pointed out in discussing gross national income that the goods and services which, in a normal year, are set aside for the maintenance of existing capital can be used for current needs in emergency. But this is not all; not only is it possible to postpone the replacement of capital, it is possible actually to draw on existing capital. This can be done by mobilising foreign assets, by using up the normal stocks of the country or by actually consuming fixed capital as when park railings are melted down to make shells. This last set of figures is, in short, a measure of the sum total of goods and services, whether of an income or of a capital nature, that the community can use to keep itself alive and to prosecute the war. (Since the chief use of this figure is to compare it with the figure of resources mobilised by the Government, and since the latter includes the yield of taxation on transfer incomes, it is convenient to include these also in the larger total, although this involves some sacrifice of logic):—

5a. Gross available resources at factor cost (Items 1+2+4+6)	5,305	7,029
5b. Gross available resources at market prices (Items 1+2+4+5+6)	5,948	7,897

There should be sufficient variety here to satisfy the most exacting. Discussion on the whole subject of national finance would be immensely clarified if it were always specified exactly which definition of the national income was being used. *The Economist* has sinned, with others, in this respect. The figures of national income that have been used in these columns since the beginning of the war have been based, rather roughly, on Mr Colin Clark's definition of gross national income, which is definition 2b above. The figure of £5,458 millions for 1938 derivable from the White Paper compares with the round figure of £6,000 millions at the outbreak of war (i.e. the annual rate prevailing in August, 1939) often used in these columns. Since the physical volume of output in the summer of 1939 appears to have been some 7 per cent higher than the average of 1938 and there was probably some increase in the level of prices and profits, it will be seen that the correspondence is close.

It is questionable, however, whether gross national income is the correct figure to take when it is desired to show the activities of the Government as a proportion of some larger aggregate. This is particularly true when the total of Government expenditure includes foreign purchases financed out of foreign capital, since there is no corresponding item in gross national income. The correct comparison, it would seem, would be with either 5a or 5b—that is, with the total volume of goods and services of all kinds, income and capital, available for use. If this be accepted (and the larger of the two variants used), then it would appear that the total expenditure of the Government in 1940 absorbed about 42 per cent of the resources available, while only about one-sixth of those resources was transferred from the public to the Government by means of taxation.

* *Footnote.*—The White Paper gives estimates of the manner in which these sums were spent:—

	1938	1940
Food, drink and tobacco	1,648	1,973
Rent, rates, fuel and light, household goods and domestic service	959	991
Clothing and laundry	469	512
Private motor-vehicles	118	50
Other travel	169	164
Other goods and services	634	613
Gross personal savings	151	608
Total	4,148	4,911

Finance and Banking

Abundant Money

Abundance of funds has now returned to the money market. The early April dividends have trickled back to the general credit circulation, the transfers of tax moneys has, as usual, eased with the passing of the financial year, while on the other hand a heavy flood of Government expenditure continues to feed the supplies of credit. This week these supplies are being drawn upon to the extent of £20 millions by the excess of Treasury deposit payments over maturities, while a further £5 millions is being withdrawn by the similar excess of Treasury bill payments. But the underlying volume of bank cash is more than adequate to meet these calls, and the banks have again become insistent buyers of bills from the market. This return to abundance has had to overcome the continued drain on bank cash caused by the steady repayment of Bank of England accommodation to the India Council originally made in connection with the repatriation of India Government sterling loans. The operation for effecting this repayment evidently involved considerable open market purchases of bills for account of the India Council, the maturities chosen being those most nearly approximating to March 24th, the day on which the repayment had to be effected. It was, of course, found impossible to obtain the required amount of bills maturing on that very day, and when the moment for repayment arrived the India Council rediscounted at the Bank of England the whole of the bills in question which had not fallen due. Hence the jump of £39 millions in discounts and advances shown by the return covering the week to March 26th. As these bills mature, this item in the Bank return is gradually returning to its normal proportions.

★ ★ ★

Record Applications for Bills

The first tender for the £70 millions weekly offering of Treasury bills drew a record total of applications, despite the fact that the bills in question were the comparatively unattractive early July maturities. The total applied for was £164,680,000, an increase of about £16 millions on the previous week's figure and of over £4 millions on the previous record set up on February 28th last. The further increase in the applications for Treasury bills came as a surprise, coinciding as it did with the repayment of India sterling stocks, which is estimated to have absorbed about £55 millions of India Council money previously employed in the money and discount markets. It must not, however, be forgotten that the growth of Empire and other sterling area funds

in London is a movement which is acquiring steadily increasing momentum, despite the abrupt interruption in the progression caused by a repatriation operation such as that just completed by the Government of India. An increasingly important factor in this particular movement is being provided by Canada. The balance of payments of the sterling area as a whole with that Dominion remains severely adverse, and the recent evidence given on this point by the Canadian Minister of Finance strongly suggests that the Canadian Exchange Fund is already accumulating substantial sterling balances, only part of which will later be absorbed by further repatriations of Canadian securities held in this country.

*

Apart from this added demand for bills from Empire sources, the mere increase in the amount of bills on offer has involved a corresponding increase in the applications for bills made from the discount market. The syndicate's quota is now automatically adjusted to the amount of bills on offer, and this fact, therefore, accounts for £5 millions of the increased applications. This must be borne in mind when viewing the result of the tender from the syndicate's point of view. The percentage allotted at the syndicate's price of £99 14s. 11d. was 26 per cent, against 28 per cent in the previous week. For the market, therefore, the result of the tenders in each of these weeks was the same, since 28 per cent of £65 millions and 26 per cent of £70 millions both equal £18,200,000.

* * *

Clearing Banks' March Statements

Gap or no gap, the expansion in bank credit made further appreciable headway last month. The clearing bank statements for that month reveal an expansion of £55,491,000 in deposits, of which only £3,859,000 can be attributed to the duplicating effect of increased items in course of collection. The main stimulus to the expansion of bank credit was again provided by Treasury deposits, which rose £44,500,000 last month. All other asset items, other than bills discounted, show some increase. The fall of £15,704,000 in bills is a normal seasonal movement

(In £ millions)

	Nov., 1940	Dec., 1940	Mar., 1940	Jan., 1941	Feb., 1941	Mar., 1941
Capital and reserves	139·7	140·2	139·3	140·2	140·2	140·1
Acceptances, etc. ...	114·8	108·2	119·2	105·6	101·1	100·5
Notes in circulation	1·4	1·4	1·4	1·4	1·4	1·4
Current, deposit and other accounts ...	2,701·8	2,800·0	2,363·3	2,756·5	2,708·8	2,764·3
Total liabilities	2,957·7	3,049·8	2,623·2	3,003·7	2,951·5	3,006·3
Cash	284·9	324·4	248·6	279·1	283·6	287·9
Cheques, balances, & items in transit	108·0	134·8	92·5	111·8	117·3	120·6
Money at call	140·3	158·5	141·5	130·6	127·9	131·8
Discounts..	338·7	264·9	335·7	269·2	209·9	194 2
Treasury deposit receipts	236·0	313·5	611·2	340·5	329·5	374·0
Investments	742·8	771·5	1,006·2	789·2	814·4	821·0
Loans and advances	923·4	906·0		909·5	899·6	908·1
Investments in affiliated banks	23·6	23·7	23·5	23·7	23·8	23·7
Cover for acceptances, premises, &c.	160·0	152·5	164·0	150·1	145·5	145·0
Total assets ...	2,957·7	3,049·8	2,623·2	3,003·7	2,951·5	3,006·4

attributable in this case, not to the smaller amount of Treasury bills issued through the tender, but to the smaller allotments obtained by the discount market. The banks' investments show a further increase of £6,588,000 —no doubt the product of participation by branches in War Weapons Weeks. Advances reverse their recent trend with a recovery of £8,543,000, of which part may be attributed to the customary accommodation granted for payment of taxes. The cash basis has been so controlled as to keep step with the further growth in bank credit, and at £287,842,000, showing an increase of £4,270,000 on the month, remains at about 10.4 per cent of deposits.

* * *

Cargo Insurance Rates

Last week's anouncement of an increase in the war surcharges on marine cargo premiums has caused no surprise, for it was known that underwriters have not been faring well on their 1940 accounts. The history of cargo insurance in recent years shows that even before the outbreak of war the market was in a none too healthy condition, largely because the lower level of international trade had created an excess of supply in relation to demand and consequent downward pressure on rates, with extended covers. A factor operating against the correction of this state of affairs was that during and after the Italo-Abyssinian war of 1935 the practice developed of insuring war risks, the premiums for which sweetened the cargo account as a whole, making underwriters more content to continue an unsatisfactory market situation than would otherwise have been the case. With the advent of war, this source of revenue disappeared, the bulk of the war risk business being taken over by the Government Office. At the same time underwriters found themselves faced with a substantial increase in the hazards covered by the standard policy; these hazards scarcely need recapitulation, for the perils of voyaging in convoy without lights, on unfamiliar routes and without the customary aids to navigation, speak for themselves. The only mitigating factor has been the more ready acceptance by consignees of goods arriving in damaged condition. To meet the additional risk, war surcharges were imposed in January, 1940, on all shipments within the combat area; after a few months the surcharges proved inadequate and were in consequence doubled last September. The present increases take effect on May 5th and represent in effect a redoubling of surcharges: for shipments to and from the United Kingdom and Eire and the Continent of Europe between North Russia and Gibraltar inclusive, together with Iceland, the surcharge will be 10s. per cent, rather lower rates operating for less hazardous voyages. These higher charges must be accepted with good grace by the interests concerned, since their justification is undisputed; it is, moreover, very important that the British marine market shall maintain its strong financial position, so that it may continue to furnish to merchants and shipowners those facilities for which it is internationally famous.

* * *

Sterling Area Extended

An Order made last week under the Defence (Finance) Regulations admits to the sterling area the territories under the control of the Council of Defence of the French Empire, Iceland and the Faroe Islands. As it applies to the territories of the Free French Empire, the Order formalises the temporary arrangements made previously by which the local administrations of these territories were given financial assistance and the

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rate of exchange between their currency and sterling was fixed at 176½ francs to the £. It has inevitably taken time for the currency situation in these territories to emerge from the confusion in which they were plunged, first by the collapse of France, then by their adherence to the Free French authorities. The latest move shows that the authorities in question are well satisfied with the arrangements which have been made by Britain for supplying their immediate financial needs and that Britain for her part, is satisfied with the commercial and political security which they offer. The inclusion of the territories in the sterling area automatically extends to them the general scheme of exchange control which operates in this country, and residents in those territories assume the appropriate rights and duties. The currency circulating in the Free French colonies will remain the West African franc, but it is evident that means must be devised for protecting it from the contagion of the Vichy and Paris francs. That will, no doubt, be achieved by some form of stamping of notes which will differentiate the Free French colonial currency from other franc notes.

INSURANCE NOTES

Pearl Assurance.—The figures in the first table have been extracted from the life revenue accounts of this important office. The accounts make a good showing, considering the difficult circumstances of the past year. The recession in new business in the ordinary branch was moderate, compared with the average for all offices, and in the industrial branch was quite small. Loss of premium income in the ordinary branch was amply made good by expansion in the industrial figures. Interest earnings displayed a downward tendency in keeping with the general trend, for the familiar reasons of larger investments in British Government securities and higher income tax. Death claims were affected by the war to the extent of over £50,000 in the ordinary branch and £100,000 in the industrial branch; the figures for the latter branch were also augmented by a minor influenza epidemic in the early months of 1940. Commission and expenses are up by reason inter alia of decentralisation, allowances to members of the staff in the forces and an improved basis of remuneration for the collecting staff.

In the second table are set forth the premium income and underwriting results of the various branches. The profits shown for the life branches are the surpluses earned during the year and are down for the reasons already cited; special reserves for war conditions aggregating £675,000, which were a charge on the 1939 surpluses, have been retained. Profits for the other branches are the actual profits and do not correspond with the transfers to and from the profit and loss account. Fire business is largely influenced by the United States portfolio, the increase in premiums being mainly due to appreciation of the dollar in terms of sterling; the true loss of £83,885 is increased to £204,314 by a sum of £120,429 required to strengthen the unearned premium reserve from a 40 per cent to a 50 per cent basis. It is pleasing to learn that the fire business lost on the Continent of Europe has in some measure been made good by taking advantage of opportunities of securing business formerly held by German and Italian companies in other parts of the world. Among the other classes the heavy fall in premiums for the general branch, which includes "a great variety of risks in many parts of the world," is a result of the war; the underwriting balance represents a considerable improvement on 1939. Also noteworthy is the improvement in the motor vehicle account which has accompanied the substantial reduction in premium income following the general laying up of cars.

To the underwriting profits exhibited in the table must be added interest earnings on the "other branches" of £65,121, making total earnings for the year £2,038,782. Of this figure £250,000 is absorbed by transfers to staff pensions account and £50,000 by a reserve for national defence contribution. In common with the majority of offices the Pearl is following the prudent course of declaring no reversionary bonuses this year, but interim bonuses are being allowed at reduced rates in both the ordinary and industrial branches. These bonuses require only £82,144 (£24,975 for the ordinary branch and £57,169 for the industrial branch) so that the company is able to pay on the ordinary shares a dividend for the year of 9s. per share, free of tax, compared with 10s. per share, free of tax, for the previous year, absorbing with the preference dividend £558,000, and at the same time greatly to strengthen the life funds by increasing the sums carried forward by £827,290 in the ordinary branch, and by £433,618 in the industrial branch.

The balance-sheet is a strong one. Stock Exchange securities stand at cost or under, and the chairman (Sir George Tilley) stated that the market value exceeds the balance-sheet prices, with the result that the investment reserve funds are retained. These reserves aggregate £6,450,000. Total assets amount to £114,719,000, an increase of £3,708,000.

The Pearl continues through the National Amalgamated Approved Society to play an important part in the administration of national health insurance. During the year membership increased and over 1,200,000 sickness and disablement benefits were paid as well as 38,000 maternity claims.

* * *

National Provident : Scottish Amicable : Scottish Equitable.—A table on the usual lines, giving extracts from the life revenue accounts of these three mutual offices, accompanies these notes.

The accounts of the *National Provident* reveal features which are in line with other comparable offices; the rather heavy fall in new business, with some reaction on premium income, and the further drop in interest earnings, are all part of the common story. Death claims include some £60,000 in respect of war deaths. Expenses show a reduction chiefly attributable to reduced new business. In the balance-sheet British Government securities are higher by £533,000. The contingency reserve for investments of £200,000 established last year has been retained, and the chairman (Mr. Robert E. Dickinson) informed the shareholders that the institution has already lost properties worth more than £50,000. Stock Exchange securities generally have been taken at or under the market selling prices on December 31st, 1936, the date of the last distribution of profits, or at or under cost price in the case of securities purchased since that date; the chairman in his speech gave an assurance that these securities are fully worth the value at which they stand in the books. The last triennial valuation at December 31st, 1939, disclosed a surplus of £896,000, after providing for the valuation of life assurance contracts on a 2½ per cent. basis; no reversionary bonus was, however, declared, the undivided surplus being carried forward as a reserve against future contingencies. Interim bonuses are being maintained at the same rates as were announced last year, namely approximately two-thirds of the pre-war rate in respect of premiums for the triennium ending December 31st, 1939, and approximately one-half the pre-war rates for subsequent premiums.

The figures published by the *Scottish Amicable* likewise show movements common to similar offices, apart from the increase in premium income, which is due to the completion of several large group assurance and staff pension schemes.

PEARL ASSURANCE

		Ordinary Branch	Rise or Fall	Industrial Branch	Rise or Fall
		£	£	£	£
New business—net sums assured		5,785,761	− 875,282 (13·1%)	17,801,476	−1,140,070 (6·0%)
Income	Net premiums	5,050,321	− 97,576 (1·9%)	9,520,998	+ 177,713 (1·9%)
	Net interest	1,583,758	− 86,300	1,892,237	− 135,721
Outgo	Claims by death	957,859	+ 196,836	3,543,513	+ 418,785
	„ „ maturity	3,353,332	− 319,291	1,402,527	− 154,491
	Surrenders, including surrenders of bonus	656,198	− 62,411	183,190	− 92,774
	Commission and expenses	555,749	− 9,380	2,695,732	+ 112,002
	Do. Ratio to premiums	11·0%	...	28·3%	+ 0·6%

Consideration for annuities granted were £92,906 (−£29,149) and annuities paid £103,883 (+£4,309).

PEARL—PREMIUMS AND UNDERWRITING PROFITS

		Premiums	Rise or Fall	Underwriting Profits	Rise or Fall
		£	£	£	£
Ordinary branch—life and annuities		5,050,321	− 97,576	902,349	−151,192
Industrial branch—life		9,520,998	+177,713	1,233,620	−387,131
Other branches	Fire	1,204,293	+145,880	−*120,429 / − 83,885	− 75,629
	Accident	81,185	− 4,037	24,745	− 5,110
	Employers' liability in U.K.	30,265	− 1,058	6,616	− 393
	General	141,778	− 98,431	−6,433	+ 23,540
	Motor vehicle	195,451	− 43,131	17,078	+ 26,828
	Capital redemption	40,175	− 4,743	...	...
	Total	1,693,147	− 5,520	−162,308	− 30,764
Grand total—all branches		16,264,466	+ 74,617	1,973,661	−569,087

* Financing charge: unearned premium reserve converted from 40% to 50% basis.

Note.—In calculating the underwriting profits for "other branches," additional reserves have been left out of account; except in the case of capital redemption business, the underwriting profits for "other branches" do not include interest on departmental funds.

Investment

The Budget in the Market

The effects of the Budget on the stock market have, so far, been slight, being restricted to a general raising of quotations which reflects relief, rather than adjustment of values to the prospective changes in taxation, except in such securities as tobacco and brewery shares. The result bears out the contention, advanced in *The Economist* of March 15th, that, apart from a possible adjustment of EPT, there would be little in the Chancellor's new proposals to affect share values directly. Any scheme of finance must, of course, have indirect effects, and certain features of the financial policy may have important repercussions. In the first place, while the method adopted is excellent, the extent of the demand made on the taxpayer seems to leave the way open for a considerable inflationary rise in prices. The fact that the method of keeping down prices of foodstuffs by subsidy is to be extended to other necessaries, will merely tend to accentuate the impact of the surplus demand on those prices not controlled, unless the public, in general, chooses the wiser part of going without rather than paying prices which are, by any normal standard, likely to be exaggerated. It is true that the extension of price fixing has for one of its aims the stabilisation of wages and that there will be some reduction in net individual incomes if this policy succeeds. Against this, there are, however, two facts to be set, namely, the prospective cut of perhaps 25 per cent in consumption output and the projected transfer of large numbers of people from idleness, or part-time employment, to full-time work, less the effect of transfers from factories to the forces, which should result in some increase in the total national wage bill. This combination contains the possibility of very considerable profits for a certain small section of industry, providing luxuries and quasi-luxuries, as well as necessaries which are not covered by price control.

(*Continued from page 492*)

There is also a substantial addition to annuity considerations. Claims by death include £45,505 directly attributable to the war. The quinquennial investigation into the affairs of the society was made at December 31st last. A stringent valuation of the assets disclosed a depreciation of rather less than 3½ per cent.; this has been provided for by utilising the general reserve of £200,000 and £246,639 from revenue, so that the directors are in a position to certify that Stock Exchange securities have been taken at or under middle prices on December 31st, 1940, and that the assets are in the aggregate fully of the value stated. Liabilities have been valued on the same bases as were employed at December 31st, 1935, with interest at 2½ per cent. for life assurance contracts and 3 per cent. for annuities, the result being a surplus of £1,062,783. The prudent course has been adopted of declaring no reversionary bonuses. £250,000 will be placed to general reserve and £65,000 is being utilised for the payment of interim bonuses on policies which became claims between October 10th, 1939, and December 31st, 1940, and which have not so far received bonuses for the past quinquennium. The balance of £747,783 is being carried forward as a provision against future contingencies, leaving the society in a strong position. Interim bonuses will be paid on policies becoming claims during the quinquennium commencing January 1, 1941, at the pre-war rate of 40s. per cent. per annum compound, but only in respect of premiums for the period between January 1, 1936, and October 9, 1939, inclusive.

A noteworthy feature of the accounts of the *Scottish Equitable* is the reduction in death claims, notwithstanding the inclusion of war claims totalling £22,550. In the balance-sheet British Government securities are higher by £451,000. Stock Exchange securities are taken (*a*) for investments made before the actuarial investigation of 1937, at or below the sums fixed at that time; and (*b*) for subsequent investments, at or below the purchase price. The chairman (Mr. Alfred A. Lawrie) stated that on December 31st there was a material hidden reserve in the difference between the balance-sheet figures and the market values of securities; there is also the reserve account of £250,000 and the carry forward from the last valuation of £173,093, as well as the year to year profits of the past three years, which are satisfactory.

Britannic Assurance.—This company's accounts are influenced by features similar to those operating with other industrial-cum-ordinary offices, as the extracts from the life accounts reproduced in the table make clear. New business in the ordinary branch manifests a less-than-average reduction, and the falling away in the industrial branch is in line with the figures of the Prudential and Pearl. Premium income is substantially maintained. The chairman (Mr. Jno. A. Jefferson) made some detailed references in his speech to the lower interest earnings; he indicated that the company is strongly supporting the War Savings movement, but that this brings certain difficulties, as the funds of the Company are derived mainly from premiums on long term contracts based on the earning of a rate of interest of 3½ per cent net; Mr. Jefferson added: "One does not need to possess the mind of a professor of economics to see that there must be a limit to the proportion of its funds which an assurance company can afford to have invested at 2½ per cent gross." Death claims include claims arising directly from the war, amounting to £32,000 in the ordinary branch and £38,165 in the industrial branch. The expense drop in the ordinary branch is entirely a result of the recession in new business.

The company has considered it wise to strengthen the valuation bases for both ordinary without-profit and industrial policies, the rate of interest now assumed being 2½ per cent in both cases, against 2¾ per cent and 3 per cent respectively a year ago. The surpluses earned during the year were in the ordinary branch £215,530 (–£192,205) and in the industrial branch £568,863 (–£212,756); adding to these the profits of £1,000 in the capital redemption account and £9,390 in the general account (the business of which is wholly reinsured) the total sum available is £794,783. Of this £266,000 is absorbed as follows: Investment reserve £150,000, staff pension fund £100,000, and provision for national defence contribution £16,000. The Britannic has decided to maintain a reversionary bonus for ordinary branch policyholders (the rates being about half those ruling before the war), and the existing bonus scheme for industrial policyholders is continued unchanged; the cost of these bonuses is £363,059. Dividends on the ordinary shares are at the rate of 8s. per share, free of tax, against 9s. per share, free of tax, and including the dividends on the preference shares, absorb the sum of £177,775.

Stock Exchange securities stand in the balance-sheet at or below cost, and it is certified that the assets are in the aggregate fully of the value stated. The investment reserve funds amounting to £2,250,000 remain intact. Total assets increased from £34,194,000 to £35,765,000.

Britannic—Extracts from Life Revenue Accounts

		National Provident	Rise or Fall	Scottish Amicable	Rise or Fall	Scottish Equitable	Rise or Fall
New business—net sums assured		£704,551	– £847,653 (54·6%)	£928,422	– £757,357 (44·9%)	£449,341	– £783,355 (63·5%)
Income	Net premiums	£873,921	– £54,080 (5·9%)	£948,630	+ £110,442 (13·2%)	£733,623	– £60,958 (7·7%)
	Net interest	£451,859	– £22,504	£462,600	– £10,417	£365,833	– £23,518
	do. rate earned	£3 11 5%	–£0 3 7%	£3 10 7%	–£0 2 6%	£3 6 11%	–£0 4 4%
Outgo	Claims by death	£429,730	+ £31,648	£425,501	+ £94,286	£354,223	– £34,097
	do. maturity	£581,475	– £15,858	£475,397	+ £32,804	£477,700	+ £197,256
	Surrenders, incl. surrenders of bonus	£102,175	+ £34,658	£121,818	+ £19,800	£88,606	+ £15,560
	Commission and expenses	£112,168	– £11,579	£128,573	– £4,283	£86,975†	– £21,379
	do. ratio to premiums	12·2%*	–0·8%	13·0%	–2 2%	11·9%	–1·7%
Consideration for annuities		£112,004	– £181	£251,883	+ £229,536	£52,126	+ £37,124
Annuities paid		£56,126	+ £4,192	£45,391	+ £9,488	£42,405	– £748

* Excluding special expenses of recent valuation.
† Plus £5,400 for A.R.P. expenditure and sums reserved for other expenses arising from war legislation.

Britannic—Life Accounts

		Ordinary Branch	Rise or Fall	Industrial Branch	Rise or Fall
		£	£	£	£
New business—net sums assured		2,099,008	–475,340 (18·5%)	8,187,426	–£460,284 (5·3%)
Income	Net premiums	1,422,654	– 17,954 (1·2%)	4,105,725	+ 14,159 (0·3%)
	Net interest	440,112	– 11,420	712,650	+ 4,075
	" " ; rate earned	£3.11.3d.%	–£0.4.1d.%	£3.19.8d.%	–£0.4.0d.%
Outgo	Claims by death	267,557	+ 71,043	1,411,755	+101,075
	" " maturity	925,023	+247,464	617,149	+163,066
	Surrenders, including surrenders of bonus	112,035	– 24,189	75,049	– 32,530
	Commission and expenses	153,174	– 14,866	1,222,121	+ 16,501
	Do. Ratio to premiums	10·8%	– 0·9%	29·8%	+ 0·3%

EPT Amendments

There is a tendency in some sections of the stock market to regard the amendments proposed in the administration of excess profits tax as of little real importance. They exceed the minimum requirements, put forward in *The Economist*, on more than one occasion between last October and the eve of the Budget, and we adhere to the view that a flat rate cut of 20 per cent, to be used after the war for reconstruction, meets all the fundamental objections of the tax as it was prior to last Monday. Special concessions may also be needed, and that on borrowed capital removes an anomaly, while the refund to mining companies is almost certainly expedient. That after these concessions the incidence of the tax remains inequitable is certainly true, but no individual or institution can claim perfect justice under war conditions. The fact that anomalies persist in no way detracts from the value of the changes, and few developments could be more consoling to shareholders than the assurance that they will have available a substantial nest egg for "the replacement of obsolete or unsatisfactory machinery . . . ; the scrapping or adaptation . . . of redundant installations; the extension of the export market"; to quote Sir Kingsley Wood's statement. To argue that the post-war refund does not ease the present position may not even be true; but to suggest, on that account, that it is of little value is to deny all merit to the practice of accumulating reserves. There appears to be some fear that such restrictions will be placed on the use of the funds reserved that their utility will be greatly reduced. Not only is there no evidence of any such intention in the Chancellor's statement, but to impose such restrictions would defeat his object. The measure substantially improves the status of the equity of all those concerns making considerable contributions under the tax. In some cases, this change should be reflected in higher prices, but it is not improbable that an adjustment, which had so much to recommend it from every point of view, has already been, to some extent, discounted.

* * *

Balkan Bonds

It can come as no surprise to the investing public that the Roumanian Government has announced its intention to suspend foreign debt service. Since the German occupation of Roumania this spring, and the complete subjection of her national economy to German requirements, the Roumanian Government has lacked both the foreign exchange and the political independence necessary to the transfer. The total outstanding of the three leading Roumanian issues quoted in London, the 4½ per cent Loan of 1913, the 4 per cent External Loan of 1922 and the 4 per cent Consolidation Loan of 1922, amounts to some £14,700,000, of which more than £12,000,000 is accounted for by the issue last named. In the year ending March 31, 1941, the Roumanian Government undertook to transfer 45 per cent of the interest due on the 4½ per cent bonds of 1913 and on the 4 per cent Consolidation Loan, 1922, and 60 per cent on the 4 per cent External Loan of 1922. In fact, no transfer was made and the present default is purely formal, since these issues have received no interest since end, 1939. The announcement has been discounted by the market for some weeks past, the 4½ per cent Loan of 1913 and the 4 per cent Consolidation Loan, 1922, both standing at 2½, and the 4 per cent External Loan, 1922, at 4. With the Bulgarian and Hungarian Governments already in default, and diplomatic relations broken off, the present outlook for the investor in Balkan securities is unpromising. The Greek Government is continuing payment at 43 per cent of interest due, and this, in view of the considerable stake in Greece still owned by British investors, is a factor of some importance. Of the two issues having the widest market in this country, the 7 per cent Refugee Loan, 1924, and the 6 per cent Stabilisation and Refugee Sterling Bonds, 1928, there is outstanding £9,356,000 and £3,970,680 respectively. The market price of the former loan is 20¼, that of the latter 17½. The outcome of the present Balkan campaign is, of course, of vital significance for the future of debt payments in all the countries of south-eastern Europe, but it is to be feared that the spread of the war to this area, however favourable the outcome, will greatly increase the difficulty of obtaining foreign exchange, and, for the investor, economic ability to pay is scarcely less vital than political independence.

Company Notes

Cement Results

The full accounts of *Associated Portland Cement*, and the two leading undertakings controlled by it, *British Portland Cement* and *Alpha Cement*, all show reductions in profits after tax for the calendar year 1940. The accounts of the first two companies are analysed in detail in the following table. The total profits of *Alpha Cement*, after tax, declined only from £324,659 to £315,683, and there is every reason to suppose that gross revenue in all cases exceeded that of the previous year. All companies have maintained depreciation provisions at the 1939 level, and, since there has been no significant reduction in charges against profits, it has proved necessary to lower ordinary dividends, except that of *Alpha Cement*, which remains at 8¾ per cent. In the case of *Associated Portland*, the fall from 15 to 10 per cent is due in part to the cut of the *British Portland* payment from 20 to 17½ per cent. All dividends were narrowly covered by available earnings.

	Assoc. Portland Cement		British Portland Cement	
	1939	1940	1939	1940
	£	£	£	£
Profits*	1,402,925	1,200,548	823,606	734,816
Fees	3,294	3,250	2,979	2,935
Depreciation	417,150	417,150	260,000	260,000
Deb. interest	150,324	147,298	7,747	7,241
Deb. sinking funds	90,176	93,202	11,493	11,999
Preference dividend	137,500	137,500	100,800	100,800
Ordinary shares :—				
Earned	*604,481*	*402,148*	*440,587*	*351,841*
Paid	600,000	400,000	400,000	350,000
Earned %	*15·2*	*10·9*	*23·1*	*17·7*
Paid %	15	10	20	17½
Reserve	...	...	40,000	...
Carry forward	213,180	215,328	220,559	222,400

* Including interest and dividends declared to 3rd April.

The balance-sheet of *Associated Portland* shows an important rise in stocks from £574,551 to £815,143. Cash resources declined from £666,767 to £359,230 after the loan of £150,000 free of interest to the Treasury. Debtors and creditors show normal increases. For all three companies, the year opened with a period of comparative stagnation, due to the decline of private construction and bad weather, which was succeeded by a persistent flow of Government orders for fortification purposes after the collapse of France. It appears that, at the end of the year, stocks accumulated to the extent of more than 1,000,000 tons of cement and cement clinker in the industry as a whole, and that output is once more being slowed down. This state of affairs is described by the chairman, Sir P. Malcolm Stewart, in the course of his speech circulated with the accounts, in which he also makes a plea for just consideration of the record of the Cement Makers' Federation. No doubt the requirements of defence building in war and reconstruction in peace will ensure a steady flow of revenue to the group, both in the immediate and in the more distant future, but Sir Malcolm sees no early recovery in net revenue. The £1 ordinary stock of *Associated Portland Cement*, at 51s. 3d., offers a yield of £3 18s. per cent.

* * *

Union Corporation Results

That the published profits figure of Union Corporation for 1940, struck after tax, deduction of amounts applied in reduction of book value of investments, exchange differences, management commissions and bonuses, would show some decline on the 1939 figure was a foregone conclusion. In fact, the amount of the decline, which is only from £679,306 to £664,558, indicates that gross revenue from dividends and share dealing must have been well maintained last year. The total distribution of 64 per cent is repeated, although the free surplus, reduced from £618,297 to £611,513, does not completely cover the £616,000, gross, required for payment of dividend. The consequent draft on the carry-forward, however, reduces the total only from £126,638 to £122,151. The £36,324 expended on exploration during the year has, as in the three previous years, been charged directly to exploration reserve account, reducing the balance-sheet total of this fund to £110,996. The report lacks the customary tables of "Gold Consumption and Distribution" and of "Gold in Central Banks and Treasuries," but figures are provided for world output during 1940

and operating results are analysed of those South African Mining Companies in which Union Corporation is mainly interested. The balance-sheet shows a reduction in share and debenture holdings, other than in subsidiary companies, from £3,867,995 to £3,186,489, at which level the directors state that they are considerably below market valuation. The directors again state that they have provided for contingencies by reducing the book value of certain holdings below both cost and market valuation. An addition of over £1,000,000 to current, deposit and other accounts and accruing expenses, raising this item to £6,374,602, was reinvested at the date of the accounts. The Union Corporation 12s. 6d. ordinary shares, at 138s. 9d., offer a yield of £5 15s. 2d. per cent.

* * *

Metropolitan Electric Earnings

By one of those series of misfortunes, which, however incredible in retrospect, occur from time to time, a gross error crept into the comments on electric power results appearing on page 347 of *The Economist* of March 15th. As a result, it was made to appear that the amount earned for the ordinary capital of the Metropolitan Electric Supply Co. had fallen from a large credit for 1939 to a small debit for last year. This is incorrect; the net profits for 1940 available for the ordinary shareholders (including a sum of £2,181 arising from profit on the redemption of investments) were £238,698 or £83,091 less than in 1939. The correct figures are as follows:—

Company (years ended December 31)	Total profits	Earned for ordinary		Dividend	Ordinary stock (£1)	
		Amount	Rate		Price (ex div.)	Yield
	£	£	%	%		£ s. d.
Scottish Power:						
1938	747,309	470,615	17·4	8	35/6	4 10 2
1939	791,234	489,605	19·8	8		
1940	811,594	475,267	21·8	8		
North-Eastern Electric Supply:						
1938	1,509,880	433,518	8·7	7	28/–	5 0 0
1939	1,582,876	335,838	7·1	7		
1940	1,680,772	334,088	7·0	7		
Northampton Electric Light:						
1938	465,041	121,886	15·2	11*	41/3	4 17 0
1939	488,221	108,208	13·8	10		
1940	561,531	133,860	19·4	10		
Metropolitan Electric Supply:						
1938	1,707,021	353,532	11·8	10	32/3	4 19 3
1939	1,765,430	316,789	10·9	10		
1940	2,071,020	233,698	7·8	8		
Electrical Distribution of Yorkshire:						
1938	268,050†	199,545	18·3	9	36/3	4 19 4
1939	308,961	191,476	19·6	9		
1940	335,227	206,368	23·9	9		

* Including 1 per cent. special bonus. † Net revenue after tax.

In addition, the company's net revenue account shows an item of £6,658 transferred from Mains Reserve Account, which is not included in the figures given above. We take this opportunity of expressing regret for any anxiety to stockholders or inconvenience to the company which may have been occasioned by the error.

* * *

British Oxygen Record Earnings

British Oxygen profits, after depreciation, reached the new record level of £1,364,944 for the calendar year 1940, against £883,961, the previous record figure, in 1939. The consolidated profit figure, before British income tax or depreciation, has risen from £1,387,995 to £1,897,508, and depreciation for the whole group is up from £422,053 to £451,108. The company's total tax provision is increased from £421,546 to £972,358, of which £184,100 in the previous year and £600,000 in the last year, represented reserve for EPT, income tax and war contingencies. Thus, after meeting the normal allocation to staff pensions and service on preference capital, the surplus for ordinary capital amounts to £306,313, against £372,810. There is no allocation to general reserve, which received £61,850 last year, but the EPT allocation conceals an appreciable nest-egg available after the war. The ordinary dividend of 15 per cent, paid on a capital increased to £3,461,102 by the previous year's 20 per cent capital bonus, compares with 17 per cent paid on the smaller capital, and is equivalent to 18 per cent on that capital. It absorbs £312,364, against £318,709, both sums being shown net. Thus, the distribution is not completely covered by the free surplus of £306,313, and the carry forward is consequently reduced from £40,258 to £34,207. In the balance-sheet, the striking reduction in general reserve from £676,850 to £100,000 is accounted for by the distribution of the previous year's capital bonus. A decline in sums owing from subsidiary companies is mainly responsible for the reduction in investments in subsidiary, allied and other companies from £2,006,679 to £1,854,458. Creditors are up from £831,349 to £1,257,287, and debtors from £518,338 to £837,188, the difference financing a moderate rise in stocks from £672,533 to £731,161. Cash holdings are substantially higher at £467,886, against £54,634. There seems to be every reason to expect a continuation of the company's progress during the current year. The £1 ordinary stock, at 63s. 9d., yields £4 14s. per cent.

* * *

United Glass Bottle

The rise in United Glass Bottle total profits from £456,052 to £537,769 for the calendar year, 1940, is wholly encouraging, as is also the approximate stability of the equity surplus, which has declined only from £136,527 to £125,848, in both cases after deduction of ARP expenses, increased from £10,000 to £15,000. All general expenses are moderately higher, and the provision for tax is up from £150,000 to £240,000. None the less, the earned rate of 19.5 per cent provides ample cover for the total ordinary distribution, maintained at 12 per cent, and, after placing £25,000 to contingencies, against £50,000 to general reserve, the carry-forward is increased from £41,096 to £64,369. As the chairman, Sir Max J. Bonn, indicates in his speech, circulated with the report, the neutralisation of steadily rising costs—an increase in selling prices of 10 per cent was made

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only toward the end of the year—had been effected by economies realised from increased output. The chairman points out that the company, with its subsidiaries, is continuing to make a satisfactory contribution to the export trade and that the technical understanding with the Owens-Illinois Glass Company of America has been continued in a cordial atmosphere. The decision to reinforce the carry-forward, rather than to make a higher contribution to reserve, has been dictated by the knowledge that liquidity is essential with the existing uncertainty of trading conditions. The balance-sheet shows a small decline in cash from £209,420 to £170,951, but the company has acquired Government securities to the amount of £119,983, and in March subscribed £25,000 to the local war weapons week. Stocks are satisfactorily higher at £783,845 against £623,002, while debtors and creditors, including tax provision, show normal rises. General reserve, as before, stands at £500,000, against fixed plant of £1,285,773. The £1 ordinary shares, at 50s. ex dividend, offer a yield of £4 16s. per cent.

* * *

ICI Profits

It is clear that the decline in ICI net profits for the calendar year, 1940, as announced in the preliminary statement, of some £900,000 to £6,418,533 is due wholly to the rise in taxation. The directors state that the sum due in NDC and EPT increased from £2,500,000 to £5,600,000. The allocation to obsolescence and depreciation remains at £2,000,000 and the 8 per cent ordinary dividend is repeated.

	Years to December 31, 1938 £	1939 £	1940 £
Profits after taxation	8,561,291	9,313,485	8,418,533
Central obsolescence and depreciation fund	1,500,000	2,000,000	2,000,000
Preference dividends	1,666,081	1,666,104	1,666,104
Ordinary stock:			
Earned	*5,395,210*	*5,647,381*	*4,752,429*
Paid	4,032,149	4,032,149	4,032,149
Earned %	*11·6*	*13·0*	*10·7*
Paid %	8	8	8
General reserve	1,125,000	1,375,000*	339,262*
Workers' Pensions	172,995	180,049	180,092
Carry forward	621,245	681,428	882,354

* In 1939, £1,000,000 and, in 1940, £339,262, to War Contingencies Reserve.

Thus, the surplus for ordinary capital is reduced from £5,647,381 to £4,752,429, representing an earned rate of 10.7 against 13.0 per cent, grossed up at the standard rate of tax for 1941-42, less Dominion income tax relief of 3d. in the £. The allocations to general and war contingencies reserves are reduced from £1,375,000 to £339,262, leaving sufficient, after deduction of £180,092 for workers' pensions, to raise the carry forward from £681,428 to £882,354. The £1 ordinary stock, at 29s. 6d., offers a yield of £5 10s. 5d. per cent.

THE STOCK EXCHANGES

London

Note: all dealings are for cash

THE firm tone in all sections of the market, which characterized dealings on Thursday of last week, was interrupted the next day by the imminence of the Budget and news of the evacuation of Benghazi. This week, sentiment was subdued by the critical state of military developments in the Balkans, although the absence of fresh duties on beer and tobacco encouraged buyers to favour these sections of the market, and the Budget as a whole received a favourable reception. On Tuesday, a short-lived but moderate rally was staged, from which the gilt-edged market and heavy industrials mainly profited. Home rails and the foreign bond market did not recover notably from the setback to all sections at the beginning of the week.

★

The *gilt-edged* market lost ground both immediately before and after the week-end. Two and a half and 4 per cent Consols eased ½ on both days, while, on Monday, 3½ per cent War Loan dropped ¼, and 2½ and 3 per cent India stock ½ point. The next day's recoveries were substantial, including rises of ¼ for 2½ and 3 per cent Consols and 1/16 for 3½ per cent War Loan, but the improvement was not maintained in midweek, when fresh falls were occasioned by further moderate selling in an unwilling market. Following the extension of the war to the Balkans, the *foreign bond* market, naturally, lacked support. Despite recent optimism regarding the Far Eastern situation, Japanese bonds were consistently sold, after losses of 1 point by the majority of issues at the beginning of the week. Greek and Egyptian issues also suffered. Argentine bonds remained firm, and a number of excellent rises were realized by Brazilian Funding issues and by certain Chilean stocks.

★

The upward movement of *home rails* was interrupted toward the end of last week, when ordinary stocks suffered fractional losses and a number of marginal issues were also sold. This week, the market enjoyed a modest participation in Tuesday's rally, in the course of which Great Western ordinary and Southern preferred ordinary both improved ½ point. Among foreign rails, Canadian Pacific lost ½ before the week-end and again on Tuesday, but there was considerable interest in Argentine rails.

★

There was no large turnover in the *industrial* market. Before the week-end, heavy industrials profited from pre-budget buying, and, during the current week, the brewery and tobacco groups were in demand. Indeed, on Tuesday, Guinness gained 8s. and Ind Coope 2s. 6d., while BATs, Carreras, and Gallaher were all ½ higher. In sympathy with the general optimism of Tuesday, the heavy industrial group also returned to favour after suffering small but general losses at the beginning of the week, and improvements were realised by BSA, Dorman Long and Guest Keen. Associated Portland Cement and London Brick reacted on the publication of the cement group reports, but the textile group continued to show considerable firmness, with small regular gains for Courtaulds and Coats, until midweek, when Balkan developmeits caused a general moderate setback.

★

The *kaffir* market made a fairly rapid recovery from the setback occasioned by the evacuation of Benghazi, though, in common with other commodity markets, it derived no more than a passing rise from the Tuesday rally. In the course of this, Sub Nigel and West Wit Areas reversed a fall of ½ suffered the previous day and Crown Mines a pre-week-end loss of ½, while "Sallies" also improved 1/16. The previous week's upward movement of *tin* and *rubber* shares was not continued, although these markets remained generally firm. In the *oil* market the most noticeable losses occurred in Trinidad issues, which have recently enjoyed substantial gains. The Tuesday rally produced widespread improvements, including 1/32 for the ordinary issues of Shell Transport, Burmah and Lobitos, and 3/32 for Trinidad Leaseholds, but news of the withdrawal from Salonika caused a definite setback in Shell and Burmah Oil.

"FINANCIAL NEWS" INDICES

1941	Approx. Total Bargains in S.E. List	*Corres. Day 1940*	Security Indices: 30 Ord. shares*	20 Fixed Int.†
Apr. 3 ..	2,763	*4,554*	68·2	128·8
„ 4 ..	2,810	*4,600*	68·0	128·4
„ 5 ...	3,072	*5,451*	67·9	128·3
„ 8 ...	2,422	*4,666*	68·1	128·4
„ 9 ..	2,540	*3,879*	67·5	128·0

* July 1, 1935=100. † 1928=100. 30 Ordinary shares, 1941; highest, 73·7 (Jan. 17); lowest, 67·1 (Mar. 14). 20 Fixed Int., 1941; highest, 128·8 (Apl. 2); lowest, 126·1 (Jan. 2).

New York

UP to Friday of last week a firm tone predominated on Wall Street. Turnover was considerable and there was a strong demand for rail and chemical issues. Before the week-end, and during the current week, sentiment turned dull on fears of renewed labour difficulties and anxiety regarding Balkan developments. On Monday the absence of definite news from the war zone was responsible for a number of fractional losses, mainly affecting steel and copper stocks. Then, and later in the week, rail, oil, chemical, and motor issues also suffered small losses and price movements continued to be irregular.

New York Prices

	Close Apr. 1, 1941	Close Apr. 8, 1941
1. Railroads		
Balt. & Ohio	3⅛	3⅛
Gt. Nthn. Pf.	25⅛	24
Illinois Cent.	7⅛	7
N.Y. Cent.	12⅝	12⅜
Northern Pac.	6⅛	6⅛
Pennsylvania	24⅛	24
Southern	12⅝	12⅜
2. Utilities, etc.		
Amer. Tel.	161½	160
Amer. W'wks.	5⅛	5⅛
Pac. Light	35	35⅛
Pub. Sv. N.J.	25⅛	25
Sth. Cal. Ed.	25⅛	24⅞
United Gas	8	8
3. Commercial and Industrial		
Amer. Metal	17⅛	16⅜
Am. Roll. Ml.	13⅜	13⅛
Am. Smelting	40	38⅛
Anaconda	24⅛	23⅜
Briggs	20⅜	19⅝
Celanese of A.	22⅜	21⅛
Chrysler	63	61⅛
Curt. Wr. "A"	26⅛	26
Eastman Kdk.	135	132⅛
Gen. Elec.	32	31⅛
Gen. Motors	42⅜	41⅞
Inland Steel	75⅛	74⅜
Int. Harvest.	48	47
Int. Nickel	27⅛	26⅜
Liggett Myers	85⅛	85⅜
Nat. Dairy	13⅜	13⅛
Nat. Distillers	20⅛	20⅜
Nat. Steel	55⅛	53⅞
Proct. Gamble	55	54⅛
Sears Roebuck	71⅞	70⅜
Shell Union	11⅛	12⅛
Socony Vac.	8⅛	9
Stan. Oil N.J.	35	35⅛
20th Cen. Fox	6	5⅞
U.S. Steel	56⅛	55⅛
West'hse El.	94⅛	92⅛
Woolworth	29⅞	29⅜
Yngstn. Sheet	34	32⅛

Continued on page 498)

Capital Issues

Week ending April 12, 1941	Nominal Capital	Conversions	New Money
	£	£	£
To the Public.....	Nil	...	Nil
To Shareholders.....	Nil	...	Nil
By S.E. Introduction...	Nil	...	Nil
By Permission to Deal	109,376	...	144,302
Net Savings Certs.† ...	4,917,864	...	4,917,864
3% Defence Bonds (s)	4,956,670	...	4,956,670
2½% Nat. War Bonds‡	105	...	105
Ditto, 2nd Issues†(w)...	11,251,535	...	11,251,535
3% Savings Bonds†(t)	10,541,475	...	10,541,475

† Week to April 1, 1941. Total sales, Nov. 22, 1939, to April 1, 1941, £256,515,745. ‡ Week to April 1, 1941, making total since June 25, £444,432,248. (s) Total sales to April 1, 1941, £252,914,465. (t) Total sales to April 1, 1941, £90,723,613. (w) Total sales January 2, 1941, to April 1, 1941, £150,390,008.

Year	Including Conversions	Excluding Conversions
	£	£
1941 (New Basis) ...	(a)360,099,326	(a)360,099,326
1940 (New Basis) ...	*733,129,284*	*335,176,961*
1941 (Old Basis).....	(a)359,545,139	(a)359,545,139
1940 (Old Basis)	*728,777,933*	*376,022,800*

Destination (Conversions Excluded)

Year	U.K.	Brit. Emp. ex U.K.	Foreign Countries
	£	£	£
'41 (New Basis) (a)	357,550,223	2,549,103	Nil
'40 (New Basis)	*334,694,519*	*479,432*	*Nil*
'41 (Old Basis) (a)	357,045,139	2,500,000	Nil
'40 (Old Basis)	*375,880,344*	*142,456*	*Nil*

Nature of Borrowing (Conv. Excld.)

Year	Deb.	Pref.	Ord.
	£	£	£
'41 (New Basis) (a)	357,427,812	24,460	2,627,054
'40 (New Basis)	*375,977,966*	*605,807*	*5,590,475*
'41 (Old Basis) (a)	357,045,139	Nil	2,500,000
'40 (Old Basis)	*375,254,509*	*77,500*	*640,800*

"Old Basis" includes public issues and issues to shareholders. "New Basis" is all new capital in which permission to deal has been granted. (a) Less £1,600,000 National Savings Certificates and £866,809 3% Defence Bonds repaid in period Feb. 24, 1941, to March 31st, 1941.

CONVERSIONS AND REPAYMENTS

Brandon's Putney Brewery.—This company will repay at par, on May 6th, £200,000 four per cent first mortgage debenture stock.

UNION CORPORATION, LIMITED

(Incorporated in the Union of South Africa.)

ABRIDGED REPORT OF THE DIRECTORS

In submitting to the Shareholders the Accounts of the Corporation for the year ended December 31st, 1940, the Directors state:—

The Accounts are drawn up in Union of South Africa currency, United Kingdom currency being taken at par.

The profit for the year is £611,512 14s. 6d., plus £126,637 18s. 6d. brought forward, making a total of £738,150 13s. 0d. A final dividend of five shillings and sixpence United Kingdom currency per share was declared absorbing at par £423,500, making, with the interim dividend of two shillings and sixpence, a total of eight shillings, or £616,000 for the year. £122,150 13s. 0d. remains to be carried forward.

Those shareholders entitled to receive payment of the dividend in the Union of South Africa will be paid at par provided there is no material difference between the Union and United Kingdom currencies on the day the dividend is due, *i.e.*, April 24th. Should there be any material difference between the two currencies on that date, payment will be made in Union currency calculated at the rate of exchange then ruling.

Exploration expenses incurred during the year amounting to £36,324 8s. 3d. have been charged directly to Exploration Reserve Account, leaving a balance of £110,996 6s. 10d. to be carried forward on that account.

Holdings of Shares, Debentures and other securities have been taken into the Accounts at cost or under, but in no case above the market price of December 31st last, or, where no market price exists above the Directors' valuation. At present market prices, these holdings show a very substantial surplus over the amount at which they stand in the Balance Sheet. The Directors, as on other occasions, have thought it expedient to provide for contingencies by reducing the book cost of certain holdings both below cost and below market price.

GOLD INTERESTS

The operating results of EAST GEDULD MINES for the last two years are as follows:—

	Tons milled	Gold output (and per ton)	Price per oz.	Working costs (and per ton)	Working profit (and per ton)	Dividends (and per share)
1939	1,829,000	£3,912,292 (42/9)	148s.	£1,435,976 (15/8)	£2,476,316 (27/1)	£1,215,000 (13/6)
1940	1,910,000	4,625,000 (48/5)	168s.	1,593,000 (16/8)	3,032,000 (31/9)	1,260,000 (14/0)

The ore reserves at December 31st last amounted to 15,200,000 tons assaying 5·2 dwt. per ton over 57 inches.

The operating results of GEDULD PROPRIETARY MINES for the last two years are as follows:—

	Tons milled	Gold output (and per ton)	Price per oz.	Working costs (and per ton)	Working profit (and per ton)	Dividends (and per share)
1939	1,365,000	£2,340,341 (34/3)	148s.	£1,013,811 (14/10)	£1,326,530 (19/5)	£1,168,686 (16/0)
1940	1,370,000	2,630,000 (38/5)	168s.	1,218,000 (17/10)	1,412,000 (20/7)	1,095,643 (15/0)

In addition to the profits earned from its own operations, the Company received revenue from other sources amounting to £504,000, which figure includes £483,400 in respect of dividends received on its large shareholdings in East Geduld Mines and Grootvlei Proprietary Mines.

The ore reserves at December 31st last amounted to 9,000,000 tons assaying 4·5 dwt. per ton over 53 inches.

The operating results of THE GROOTVLEI PROPRIETARY MINES for the last two years are as follows:—

	Tons milled	Gold output (and per ton)	Price per oz.	Working costs (and per ton)	Working profit (and per ton)	Dividends (and per share)
1939	947,500	£1,669,916 (35/3)	148s.	£1,066,603 (22/6)	£603,313 (12/9)	£408,750 (8/0)
1940	1,234,500	2,717,000 (44/0)	168s.	1,439,000 (23/4)	1,278,000 (20/8)	613,125 (4/6)

The ore reserves at December 31st last amounted to 7,500,000 tons assaying 5·2 dwt. per ton over 49 inches.

The Grootvlei Company has recently acquired the property and assets of Palmietkuil Gold Mining Company, Limited.

The second extension of the reduction plant to 120,000 tons per month is now being brought into commission. As a consequence of the acquisition of the Palmietkuil Company's 2,414 claims, the tonnage to be milled monthly will be higher than contemplated for Grootvlei alone. The Grootvlei Company's mining area is now 6,625 claims.

The operating results of MARIEVALE CONSOLIDATED MINES for 1940, the first full year, are as follows:—

	Tons milled	Gold output (and per ton)	Price per oz.	Working costs (and per ton)	Working profit (and per ton)	Dividends (and per share)
1940	531,500	£1,153,000 (43/5)	168s.	£798,000 (30/0)	£355,000 (13/5)	£56,250 (–/3)

The ore reserves at December 31st last amounted to 2,000,000 tons assaying 5·7 dwt. per ton over 39 inches.

THE MODDERFONTEIN DEEP LEVELS (In Liq.) paid two Liquidation Distributions in 1940, amounting to 6d. per share, bringing the total Liquidation Distribution to date to 4s. 4½d.

The operating results of VAN DYK CONSOLIDATED MINES for the last two years are as follows:—

	Tons milled	Gold output (and per ton)	Price per oz.	Working costs (and per ton)	Working profit (and per ton)	Dividends (and per share)
1939	1,026,600	£1,836,101 (35/9)	148s.	£1,171,551 (22/10)	£664,550 (12/11)	£412,500 (1/6)
1940	1,128,200	2,386,000 (42/3)	168s.	1,401,000 (24/10)	985,000 (17/5)	481,250 (1/9)

The ore reserves at December 31st last amounted to 3,100,000 tons assaying 5·4 dwt. per ton over 39 inches.

ORANGE FREE STATE.—Since the close of the year the Corporation has purchased the mineral rights over an area of 4,024 morgen on farms adjoining the property of the Western Reefs Exploration & Development Company, Limited.

In the area north of the Sand River, Western Holdings, Limited, with whom the Corporation is collaborating, has completed its drilling programme. As a result of the work done, certain farms have been purchased and these have formed the subject of an application to the Government by Western Holdings, Limited, for a Prospecting and Mining Lease, the grant of which has been approved by the Government, subject to the conclusion of the necessary Lease Agreement.

In an area over-which options have been more recently acquired by Western Holdings, Limited, and which lies further to the north, the Corporation, by arrangement with Western Holdings, Limited, has investigated that part lying east of Bothaville and north of Valsch River. The results obtained were discouraging and the options in that section of the area have been abandoned. Other portions of the area were still under investigation by Western Holdings, Limited, at the end of the year.

OTHER INTERESTS

BAY HALL TRUST.—Net profit for 1940 was £75,143, plus £71,567 brought forward, making £146,710 available. A dividend of 6¼ per cent. was again paid, absorbing £65,381, £10,000 was placed to the credit of Realisation Reserve Account and the balance of £71,329 carried forward. The Trust's investments as at December 31st last, at their current market prices, amounted to £1,717,371.

The profits of BRITISH ENKA ARTIFICIAL SILK COMPANY for 1940 have exceeded its E.P.T. standard. Co-operation has continued to the benefit of all the Companies in the Industry.

SAN FRANCISCO MINES OF MEXICO.—Accounts have not yet been published, but it is understood a small net loss has been made for the financial year to September 30th, 1940, owing to high taxation and the low base metal prices which prevailed. Modest profits are now being made as a result of improved metal prices.

SELECTION TRUST.—Paid a dividend of 7½d. per unit of Ordinary Stock for the year ended March 31st, 1940. Its principal interests are in the American Metal Company, Consolidated African Selection Trust and Trepca Mines.

SOUTH AFRICAN PULP & PAPER INDUSTRIES.—During the year satisfactory progress was made in overcoming the initial technical difficulties encountered, and sufficient orders were received to keep the paper machines continuously occupied though not at maximum capacity. Small working profits commenced to be earned in March, 1940, and, after providing for depreciation, the net profit for the year amounted to £10,629, reducing the debit balance on Profit and Loss Account to £74,374.

RHODESIA AND WEST AFRICA.—The Northern Rhodesian copper mines increased their earnings but were affected by increased taxation. Consolidated African Selection Trust showed improved results from its diamond mining interests in West Africa.

COPIES OF THE FULL REPORT AND ACCOUNTS CAN BE OBTAINED ON APPLICATION TO THE LONDON OFFICE, PRINCES HOUSE, 95 GRESHAM STREET, E.C.2.

Industry and Trade

Limitation of Supplies Changes

Last Monday the Board of Trade announced that, with a few exceptions, the home trade quotas from June 1st to November 30th under the Limitation of Supplies (Miscellaneous) Order would remain unchanged. A shortage of covering and filling materials is the cause of the reduction, from 66⅔ per cent to 50 per cent in the quota for such goods as mattresses (except those containing metal springs, which remain at 25 per cent), saucepans made of tinplate blackplate, and for safety-leum and other floor coverings will be brought down from 50 per cent to the same level as the present quota of 33⅓ per cent for carpets made wholly or partly from wool. The pottery quota will be reduced from 50 per cent to 40 per cent, while glassware will be cut from 33⅓ to 26⅔ per cent. For cutlery and hollowware, the quota remains at 25 per cent., but for buckets, kettles and saucepans made of tinplate or blackplate, and for safety-razor blades, the effective quota will be raised to 50 per cent, in effect doubling the quota. The only other class of goods for which the quota has been increased is cheap suitcases and attaché cases, made wholly or partly of fibre; the increase is to 50 per cent, but all other bags and trunks remain at 33⅓ per cent. As these quotas are based on the value of goods supplied during the two six-monthly periods, June-November, 1939, and December, 1939-May, 1940, and since their prices have risen appreciably since then, the curtailment of the volume of supplies is substantial. Nevertheless, the list of goods covered by the Limitation of Supplies (Miscellaneous) Order includes many articles whose production for the home market could be suspended altogether, at least temporarily, without causing hardship.

* * *

Safety in Coal Mines

The British coal-mining industry has agreed on an important change in its organisation which may help to make the mines safer. Without waiting for legislative action it is voluntarily giving effect to the recommendation of the Rockley Royal Commission on Safety in Coal Mines in favour of compulsory partial inspections by workmen. The miners have had a statutory but qualified right to inspect underground conditions since 1872, and by the 1911 Coal Mines Act they could appoint their own inspectors whom the management were under an obligation to allow, at least once every month, to inspect every part of the mine. Except in Durham and South Wales these rights have not been very extensively exercised, and during the proceedings of the Royal Commission there was a considerable body of opinion in favour of making some minimum amount of inspection compulsory. The Commission accordingly made a recommendation to this effect, and suggested that such supplementary compulsory inspection should be made once a quarter by two persons appointed by the workmen employed at the mine, or by the representative body of the mineworkers in the district, the cost of such compulsory inspection to be shared equally by employers and workmen. For the operation of the agreement the Joint Standing Consultative Committee of the industry has been constituted into a National Safety Board, and the District Conciliation Boards into District Safety Boards, which are to act in consultation with H.M. Inspectors of Mines. The appointment of the inspectors is in the hands of the workmen, and the main condition of competency is ten years' practical experience whether the appointment be that of full-time inspector or of an accompanying inspector. In the case of each mine a comprehensive compulsory inspection is contemplated every year, and in the words of the Royal Commission it is hoped that the agreement reached will "promote that spirit of co-operation and mutual confidence as between the workmen, H.M. Inspectors and the managing officials which it is so desirable to foster in the interests of greater safety."

* * *

Rationing Cotton Exports

The shortage of raw cotton and the concentration of production emphasise the need for a system of rationing exports, both to producers and markets. The Cotton Board, in facing the problem, is guided, on the buyers' side, by grading markets in accordance with their relative importance, and on the sellers' side by distributing orders equitably amongst them. In general, exports to countries with dollar currencies or currencies readily convertible to dollars are of first importance. Some thought, too, must be given, in the interests of post-war trade, to the maintenance of contact with old customers in pre-war markets. To ensure equitable distribution of business among exporters the Cotton Board is taking a census of the volume of exports of cotton piece-goods, by countries, during 1940. (Mixture cloths and made-up goods are to be dealt with separately.) The orders placed by exporters with manufacturers will follow a simplified preference direction procedure; an export licence system will be introduced to ensure that the goods concerned are within the quotas laid down for each market and for each individual shipper. The Cotton Board claims that considerable flexibility has been introduced into rationing procedure. For example, firms may exchange their quotas for low-graded countries for allotments to higher graded countries. An exchange of allotments between firms will be permissible in certain conditions, subject to the approval of the Board. The Cotton Board has been in close consultation with all interests in drawing up its scheme, and particular attention has been paid to make adjustment possible quickly to meet new conditions as they arise. Good may come out of evil—curtailment of raw materials may lead to a better organisation of the export trade. Every pound of raw cotton must be disposed of in such a way as to yield the greatest possible return to the war effort. In learning to make the best use of limited resources, knowledge and experience can be gained which will serve exporters in good stead.

* * *

The Co-operative Wholesale Society in 1940

There was a substantial increase in the trade of the CWS during the first half of 1940, so that in spite of the severe restriction on wholesale trade in the autumn, the society's total sales for the year amounted to

(*Continued from page 496*)

Total share dealings: Apr. 2, 450.000; Apr. 3, 940,000; Apr. 4, 710,000; Apr. 5, 23),000; Apr. 7, 360,000; Apr. 8, 740 000.

Standard Statistics Indices
(1926 = 100)
Weekly Averages

	1941 Low Feb. 18	1941 High Jan. 15	Mar. 19, 1941	Mar. 26, 1941	Apr. 2, 1941
347 Industrials	84·9	896·0	89·0	88·1	88·8
32 Rails.....	25·4	28·0a	26·6	27·1	27·5
40 Utilities....	72·5	78·7	74·4	74·1	73·8
419 Stocks ...	73·3	82·1b	76·5	76·0	76·4
Av. yield*.....	6·65% High (c)	6·13% Low (b)	6·31%	6·37%	6·31%

* 50 Common Stocks. (a) Jan. 22. (b) Jan. 8. (c) Feb. 11.

Daily Average 50 Common Stocks

Mar. 27	Mar. 28	Mar. 29	Mar. 31	Apr. 1	Apr. 2
97·60	97·00	96·80	97·00	97·20	97·70

1941 High: 105·80, January 10. Low: 92·40 February 14.

Shorter Comments

Standard Motor Co.—Profit year to August 31st, 1940, £184,317 (£322,492). Depreciation, £118,788 (£112,543). For taxation, £100,000 (£150,000). Ordinary dividend reduced from 25 to 15 per cent. Forward, £84,496 (£75,138).

Canadian National Railways.—Net operating revenues show an improvement of $24,152,993 in 1940. Operating ratio 81.82 per cent., the lowest in the history of the system. Net amount available for interest $33,474,000, an increase of $22,839,000 over 1939.

Rohilkund and Kumaon Railway Company.—Net earnings whole system year to September 30th, 1940, Rs.49,70,092 (Rs.33,18,879). Company's share Rs. 21.52,862 (Rs.14,47,657). Total distribution 16 per cent. for year as before. Carry forward, £31,918.

The Chase National Bank.—Deposits on March 31st, 1941, reached record figure of $3,617,530,000, compared with $3,060,769,000 on March 30th, 1940. Total resources, $3,890,245,000, against $3,345,528,000 on March 30th, 1940. Capital, $100,270,000 and surplus, $100,270,000, both unchanged. Undivided profits, $39,269,000, against $36.217,000 on March 30th, 1940. Earnings 41 cents per share against 43 cents per share first quarter 1940.

£142,593,952, an increase of 8½ per cent on the preceding year. These included supplies to the value of £46,297,545 from the society's productive works, an increase of over 6 per cent on 1939. The net surplus was £3,890,388, of which £1,255,908 was absorbed by the interim dividend. A final dividend of 4d. in the pound was declared on the purchases of societies in membership, and an additional dividend of 8d. in the pound on purchases of CWS productions. After £150,000 had been carried to the dividend equalisation fund and £235,890 to the reserve fund, there remained £991,409, which is to be given as a special bonus of 2d. in the pound on purchases. This will help many of the retail societies to maintain their dividends to individual members. The most significant fact shown by the departmental returns is the greatly increased turnover at Newcastle, which reflects the expansion in industrial activity in that region. Supplies to the Ministry of Food during the year amounted to £3,789,836. The turnover of the Export and Contracts Department was £3,100,033 and the sales of the Agricultural Department amounted to £3,672,476. The American, Australian and New Zealand purchasing departments made shipments amounting to £5,152,237, an increase of £248,386. In most of the productive departments the advance in prices led to an increase in values although the volume of production was lower. The acreage of farms owned and worked was 18,613, and the supplies from them £532,862, with a net surplus of £110,283. The deposits and withdrawals in the Banking Department increased by 11 per cent to £832,476,667. Share capital is now £15,859,540 and loan capital £67,657,376. The nominal value of the society's land, buildings, plant, machinery and steamships, upon which £28,005,056 has been expended, now stands at £10,464,539. War conditions have restricted the development of the CWS Retail Co-operative Society Ltd., which has now a membership of 22,688, mainly at Cardiff, Bangor and Hastings. Its trade of £599,161 was, however, 21 per cent above that of 1939.

* * *

Balkan Metals and Germany

Since the outbreak of war the greater part of the metal ores and metals exported by Jugoslavia and Greece went to Germany; in certain cases the supplies of these two countries constituted the only sizeable quantities available to the Nazis from abroad. Both Jugoslavia and Greece produce a number of metallic minerals, including gold, iron-ore and manganese-ore, but the output of most of them is small and of little importance to Germany. The only minerals in which Germany is vitally interested are Jugoslavian and Greek chrome-ore and bauxite, Greek nickel, and Jugoslavian copper, lead, zinc and antimony. Jugoslavia's chrome-ore output has lately been at an annual rate of about 60,000 metric tons, of a Cr_2O_3 content of 29,000 tons, while Greece is producing some 52,000 tons per annum, of a Cr_2O_3 content of about 22,000 tons. Jugoslavia's bauxite production has fluctuated between 400,000 and 500,000 metric tons per annum and that of Greece between 180,000 and 200,000 tons in the past three years. In addition Greece produces about 1,250 metric tons of nickel per annum, while Jugoslavia produces some 50,000 metric tons of copper, 80,000 metric tons of lead, 50,000 tons of zinc, and 3,500 tons of antimony. The Jugoslavian copper and lead as well as the Jugoslavian and Greek chrome-ore are at present the only substantial foreign supplies available to blockaded Germany. The interruption of these supplies, therefore, would have a detrimental effect on her war industry. The Jugoslavian and Greek bauxite, too, covers an appreciable part of her total supplies, but their significance to the German aluminium industry has declined since the collapse of France, the world's largest bauxite producing country. Unfortunately, the Jugoslavian and Greek metal deposits are situated largely in vulnerable tricts. Jugoslavian bauxite is mainly mined in Herzegovina, not far from the Dalmatian coast, while her chrome-ore, copper, lead, zinc and antimony are chiefly produced in eastern Serbia in the vicinity of the Bulgarian frontier. In Greece, nickel is found in Thessaly, in the northern part of the country, while bauxite and chrome-ore are mainly produced in the north-eastern part of the peninsula. Even if the mines were lost to Germany, however, a systematic destruction of the shafts and mining machinery would prevent her from exploiting them effectively for many months.

Jugoslavia's Agricultural Production

Jugoslavia's total agricultural exports decreased from 852,000 metric tons in 1938 to 623,000 tons in 1939. During the first nine months of 1940 total exports were as low as 260,000 tons, compared with 372,000 tons during the corresponding period in 1939. The bulk of the exports consists of cereals, mainly wheat and maize, but fruit, livestock and dairy products are also important. The poor wheat harvest in 1940 prevented any export of wheat, and only small quantities of maize could be sent to Germany and Italy, which took three-quarters of Jugoslavia's total exports during the first nine months of 1940, against 59 per cent in 1938. The importance of Jugoslavia herself as a supply basis for Germany's agricultural requirements can easily be exaggerated. Except in fruit, livestock and dairy products the three other Danube countries, Hungary, Roumania and Bulgaria, played a more important part in Germany's supplies. Together the four Danubian countries may have supplied some 50 per cent of Germany's wartime imports of agricultural products. Jugoslavia's output of wheat averaged 2.6 million metric tons in the years 1935-39. It reached 3 million metric tons in the good year 1938, and fell to 2.9 and 1.9 million respectively in the two following years. The production of maize, her most important cereal, was 4.4 million metric tons, for the average 1935-39, and for the years 1938-40 it was, respectively, 4.8, 4 and 4.4 million metric tons. Rye, barley and oats were grown mainly for home consumption. Exports of these and other agricultural products are shown below:

EXPORTS OF JUGOSLAVIAN AGRICULTURAL PRODUCTS
(Thousands of metric tons)

	All agricultural products	Cereals	Fruit	Livestock	Meat & Meat products
1938	852	582	71	56	25
1939	623	309	106	59	23
1939 (first 9 mths.)	372	207	33	36	9
1940 „ „ „ ...	260	71	42	34	25

The figure in the first column includes certain products, such as oilseeds and eggs, for which separate figures are not shown. The decline in cereal exports in 1939 simply reflects the bad harvests of that year. It was, on the other hand, an excellent year for fruit, and the big difference between the fruit exports for the first nine months of 1939 and those for the whole year was largely due to the successful efforts made by the farmers early in the war to market the bumper harvest of prunes. The acceleration of meat exports during the first three months of the war suggests that Germany has not repeated in Jugoslavia one of her mistakes in Denmark. The Reich has been in the past the great market for Jugoslavian livestock, but recently a deliberate policy has been pursued of encouraging the export of meat and meat products from Jugoslavia rather than that of livestock, presumably with the idea of conserving Jugoslavia as a lasting source of meat supply for Germany. Perhaps this conservation of her pig population will now stand the country in good stead.

* * *

Roumanian Oil in the Spring Offensive

The launching of Hitler's spring offensive in the Balkans, preceded by a feint attack in North Africa, has once more focused attention on Roumanian oil. In-so-far as mechanised divisions are employed—and the plains of Croatia are certainly suitable for the use of the Germans' favourite tactics—considerable quantities of motor fuels will be required. The deficiencies of the Balkan railway system will necessitate the extensive use of road transport. For any further operations in Libya the Nazis will be forced to rely upon what remains of the oil reserves accumulated by their allies, supplemented by such quantities as they may be able to ferry across the Mediterranean. In the Balkan theatre they labour under no such

FAMOUS SINCE 1795
OTARD'S
COGNAC BRANDY

disadvantage, for they have in Roumania an abundance of oil readily available. Indeed, so far as oil is concerned, their latest aggression will cost them virtually nothing, for they could not in any case have transported the whole of Roumania's output to the Reich this year. On the other hand, Roumania was also the natural supplier of Jugoslavia, which, having only a trifling output of its own, imported 160,000 tons of petroleum (mostly crude) from all sources in 1939. With the cutting of this supply line, the Jugoslavs will have to rely in the main upon British aid when their own oil reserves have been consumed. The Greeks are in much the same position. Their oil imports amounted to 390,000 tons in 1939—rather more than one-third coming from Roumania and the bulk of the remainder from the Dutch West Indies and the United States. That Britain is in a position to shoulder these commitments is not in doubt, for the quantities involved are relatively small and could easily be transported from Near Eastern producing centres. But this week's aggression underlines the urgent need for a determined attempt to disorganise the Nazis' oil supplies by the bombing of objectives such as the Ploesti oil refineries, the loading facilities at the Roumanian port of Giurgiu on the Danube, and the storage accommodation at Rustchuk, the Bulgarian port on the opposite shore.

* * *

Soya Bean Supplies

The soya bean can be used as a food, in the manufacture of soap and of products similar to those derived from mineral oil, for making paints, linoleum, synthetic rubber and many other commodities. Suitably processed, soya bean flour has been developed into a staple diet of the German army, and is even used in cakes and pastries. Germany and Japan have been the biggest importers chiefly from Manchukuo. World production in 1940 is estimated at 483.5 million bushels, against 477.5 millions in 1939, thus ensuring ample supplies for the world markets. According to "Foreign Crops and Markets," published by the American Department of Agriculture, the trend of production has been as follows:

PRODUCTION OF SOYA BEANS
(Thousands of bushels of 27·2 kilogrammes)

	1935	1937	1938	1939	1940
China	184,415	213,189	207,600	203,900	216,800
Manchukuo	141,793	159,907	157,445	144,952	140,617
U.S.A.	44,378	45,272	62,729	91,272	79,237
Hungary	(*)	(*)	(*)	125	104
Roumania	424	2,584	1,803	3,532	3,600
Yugoslavia	36	54	140	103	294
Bulgaria	(*)	419	246	613	1,451
Total world	410,500	466,000	473,000	477,500	483,500

N.B.—World production excludes Soviet Russia, but includes Chosen, Japan, the Dutch East Indies, and a number of smaller producers.
(*) No figures available.

Owing to drought, production in the United States decreased in 1940 in spite of an increase in acreage. The table shows that in the Danube countries the cultivation of soya beans is a new industry. It has been developed by Germany as a means of reducing her imports of oil-seeds from non-European countries, which constituted the greater part of her peace-time imports of fats, amounting to 45 per cent of her total requirements. Germany's supply position in 1940-41 will be difficult. The huge stocks laid in before the war will have been considerably decreased. By the cession of Bessarabia to Russia Germany lost control over roughly 80 per cent of Roumania's output of soya beans, and it is not known whether Russia will export Bessarabian soya beans to Germany. During 1939-40 supplies from Manchukuo reached Germany by the Siberian railway. In September, 1940, Manchukuo was reported to have come to an agreement with Germany providing for the supply of 11 million bushels during 1940-41. Assuming that this quantity could be shipped to Germany in the form of beans or in oil, that Russia would export Bessarabian beans, and that a further increase in cultivation in the Danubian countries would be achieved, Germany's imports in 1940-41 would roughly be equal to two-thirds of her imports of soya beans in 1938, which then provided some 10 per cent of the total fat imports of the Old Reich.

COMMODITY AND INDUSTRY NEWS

Rubber prices continue firm; the spot price of ribbed smoked sheet was 14½d. per lb. on Tuesday, compared with 14½d. a week ago. Changes in home trade quotas under the Limitation of Supplies (Miscellaneous) Order are discussed in a Note on page 498. The Cotton Importers and Distributors, the purchasing and distributing agents for the Government, is to have 16 directors, instead of eight as previously announced. The ten who are to come from the Liverpool Cotton Association have already been elected. The remaining six are to be elected from the Manchester Cotton Association. A national marketing company has been formed by the Minister of Food to ensure efficient distribution of vegetables.

Tin Statistics.—According to Messrs. A. Strauss & Co., Ltd.'s *Monthly Tin Bulletin*, world visible tin stocks during March fell from 44,053 tons to 39,971 tons. The record deliveries of 16,092 tons in the United States may partly account for this fall. A further cause is the falling off of production in the East; Malaya produced 10,845 tons in January and February of this year, compared with 12,864 in the same period in 1940. United Kingdom stocks fell from 4,244 tons to 3,008 tons. Tin prices have not shown much change this week. The closing price of standard cash on Tuesday was £268 10s.—£269 per ton, compared with £270—£270 5s. a week earlier, with the three months' figure at £265 15s.—£266, against £266 15s.—£267. Business in tinplates has been more active; exports up to 50 per cent. of existing stocks have been authorised up to May 31.

Cotton Trade.—Business has been small. The Controller has not been prepared to issue preference certificates for export, but some of the old contracts are now being proceeded with. It is expected that more machinery will be required to meet the requirements of our allies in the Near East. Shippers of cloth are more anxious to place orders, but numerous manufacturers have not been willing sellers. Shipping merchants will not know how they stand until the quotas are available under the selective export policy which is discussed in a Note on page 498. Yarns have been sold in restricted quantities.

Compensation Experiment in Cotton.—As an experiment, Lancashire cotton spinners are starting a compensation scheme for the benefit of spinners whose mills are closed down under the concentration scheme. Firms working to full capacity will contribute 1½d. per spindle and those on part-time, 1½d. The closed firms will receive 1d. per spindle. The experiment is to last one month. About £7,500 a year would be contributed to the pool by a mill with 100,000 spindles.

Control of Rice Prices.—The Minister of Food made an Order which came into force on April 7, fixing maximum prices for rice on sales by millers or importers to wholesalers, primary to secondary wholesalers, on sales to retailers and by retail. An importer is defined as a person to whom rice is sold by the Minister. For sales by millers or importers, prices vary according to the description of the rice, from 25s. 4½d. per cwt. for Burma rice, to 44s. per cwt. for Patna rice. For sales between wholesalers, prices are 1s. 9d. higher, and the retailer will pay between 30s. 4½d. and 49s. Retail prices are fixed between 4½d. and 7d. per lb. Supplies of descriptions not covered by the Order are believed to be small and their price is left free.

WORLD SHIPMENTS OF WHEAT AND FLOUR

From ('000 quarters)	Week ended Mar. 22, 1941	Week ended Mar. 29, 1941	From Aug. 1 to Mar. 30, 1940	From Aug. 1 to Mar. 29, 1941
N. America	499	662	17,582	14,266
Argentina, Uruguay	207	203	13,980	6,382
Australia	...*	...*	3,605†	...*
Russia	...	...	114	429
Danube and district	...	...	5,020	182
Other Countries	...	...	345	...

* Unobtainable. † Incomplete.
Source: *The Corn Trade News.*

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL

From ('000 quarters)	Week ended Mar. 22, 1941	Week ended Mar. 29, 1941	From Apr. 1 to Mar. 30, 1940	From Apr. 1 to Mar. 29, 1941
Argentina	113	3	15,312	7,454
Atlantic America	10	...	3,350	2,942
Danube Region	...	...	1,528	678
S. & E. Africa	...*	...*	3,656	1,384†
Indo-China, etc.	...	...	1,675	91

* Not received. † Incomplete since January 18th.
Source: *The Corn Trade News.*

"THE ECONOMIST" SENSITIVE PRICE INDEX
1935=100

	Mar. 31, 1941	Apr. 1, 1941	Apr. 2, 1941	Apr. 3, 1941	Apr. 4, 1941
Crops	109·8	110·0	109·8	109·9	109·9
Raw materials	173·0	172·7	172·9	172·0	172·8
Complete index	**137·9**	**137·8**	**137·8**	**137·5**	**137·6**

	Mar. 1, 1937*	Aug. 31, 1939	Apr. 4, 1940	Mar. 4, 1941	Mar. 28, 1941
Crops	147·9	92·2	111·3	106·6	109·4
Raw materials	207·3	122·9	162·3	170·3	173·2
Complete index	**175·1**	**106·4**	**136·4**	**136·1**	**137·7**

* Highest level reached during 1932-37 recovery.

COMPANY MEETINGS

REFUGE ASSURANCE COMPANY, LIMITED

ASSETS £74,600,000. INCOME EXCEEDS £13,100,000

LIFE ASSURANCE IN WARTIME

The seventy-seventh annual ordinary general meeting of the Refuge Assurance Company, Limited, was held, on Friday, April 4th, at the chief office of the company, Oxford Street, Manchester. Mr J. Wilcock Holgate (chairman of the company) presided.

The secretary (Mr J. W. Moss), having read the notice convening the meeting and the auditors' report, the chairman, in moving the adoption of the report and accounts, said:—

Gentlemen,—We meet once again under the clouds of war, and before I deal in detail with the accounts now before you I would like to tell you something of the difficulties in administration which the company has had to face, and of how we have endeavoured to overcome them.

Our first problem was naturally that of staff. At the end of 1939 the number of our employees serving with the Forces was 244, and this number has now been increased to 1,655, of whom 103 are from chief office and 1,552 from our field staff. In many of the latter cases the work is being carried on by the wives of the employees who have been called up, while good work is also being done by pensioners of the company who have returned temporarily to our service. As regards chief office, work is being cut down to a minimum, and here, for the first time, married women have been engaged on a temporary basis. Difficulties in transport and postal delays have occurred from time to time, but their efforts were overcome; and despite the enemy's attacks on areas in which so many policyholders of the company are to be found, contact has been maintained or restored, collection of premiums carried on, and payment of claims made as they arose. In cases where premises occupied by the company have been damaged, the situation has been dealt with immediately and the work of the company carried on with the minimum of interruption.

NECESSITY FOR LIFE ASSURANCE

In these days of total effort it is encouraging to reflect that not only in our private capacities but also in this business of life assurance we can play an important part in the national war effort. Even more in war than in peace life assurance is an essential part of the social and economic life of the nation. In this company alone we administer over 8,700,000 policies, arranging for the receipt of premiums, and in due course paying claims; and, in fact, during 1940 we paid out in claims on the average £27,000 each working day. But that is not all. All over the country the need for new life assurance arises day by day, and in these times particularly and despite the necessary restrictive conditions, there is wide appreciation of the truth that only by life assurance can a man create immediately an estate for the protection of his dependants.

Practically the whole of the policies issued by this company prior to the war contained war restriction conditions. We have undertaken, however, for the time being (excluding certain temporary benefits) to pay war claims under such policies in full, while as regards policies issued after the outbreak of war the utmost benefit has been granted as regard war deaths compatible with the security of the general body of policyholders.

Life assurance is a form of saving which is of great assistance to the country's war finance in that so large a proportion of life assurance funds is invested in Government loans. This company alone in 1940 increased its holdings of British Government securities by over £3,500,000, and further investments of this nature have since been made and will continue to be made as opportunity arises.

As regards employees in the company's service at the outbreak of war and who are now with the Forces, we are happy to be able to maintain their pension rights and to make allowances to supplement their service pay and Government allowances. I am sure that their efficiency in their new sphere will at least not be diminished by the financial assistance thus provided; and I know that it will be your earnest hope, as it is my own, that good fortune and a safe return await them.

THE EFFECT OF WAR ON LIFE ASSURANCE

All this cannot be done without its effect on the company's finances. Although war deaths have so far been on nothing like the scale of 1914-18, the effect on our mortality experience in both branches has been evident. The investment of so much of the company's funds in low-yielding Government securities has reduced our interest income, while the granting of allowances to the staff, the effect of which is making itself increasingly felt, coupled with the additional expenses attaching to administration in wartime, including substantial sums on account of air-raid precautions, will have their inevitable effect on our expense ratios.

REVIEW OF THE YEAR

Bearing all this in mind, you will be glad to learn that so far we have been able to deal adequately with the problems presented to us, and in considering the following figures it must be remembered that in October, 1939, the company's industrial assurance business in Eire was transferred to the Industrial and Life Assurance Amalgamation Company, Limited, of Dublin, and that since that date no new business has been transacted in Eire in either branch.

Our total premium income decreased by £42,910 to £10,666,614 and our net interest income, at £2,491,222, was less than in 1939 by £70,642. Our total claims were £8,162,981, which included £4,750,971 by way of maturities alone. The aggregate surplus in both branches amounted to £2,459,574, and the total assets now stand at £74,606,552, having increased by £2,146,290 during the year.

INDUSTRIAL BRANCH

In the industrial branch our premium income amounted to £6,140,818, showing an increase of £65,699 over that of the previous year. The net interest income was £1,201,667, and the life assurance fund increased during the year by £1,259,746 after the transfer of £200,000 to the investments reserve fund, which now amounts to £2,450,000. The expense ratio shows a reduction, being 31.63, as against 32.07 in respect of 1939; but in this connection I should like to warn my hearers that a repetition of this experience during the present year is extremely unlikely, as the effect of our additional costs will become increasingly evident.

During the year the number of policies falling out of benefit through non-payment of premiums was gratifyingly low, and the average duration of the premium-paying policies on our books has again increased, being now twelve years and eleven months.

In this branch premiums are collected at the homes of our policyholders; and our percentage of collections is remarkably high, bearing in mind the difficulties encountered in bombed areas and attendant on the evacuation, and sometimes on the return and re-evacuation of policyholders. Contact in all such cases is immediately sought and is usually obtained with the minimum of delay, thereby securing to our policyholders the benefits arising from continuity of the service it is the aim of the company to provide.

INDUSTRIAL BRANCH VALUATION

The valuation was again made on a 2½ per cent. basis, and the resulting surplus, which includes £152,013 brought forward from the preceding year, was £852,178. The sum of £200,000 has been transferred to the investments reserve fund, and it is proposed to allocate to the shareholders £104,084, to carry forward £148,094, and to set aside £400,000 for allocation to policyholders by way of permanently increasing the sums assured by certain policies, and of making the payment of claim arising by death or survivance of endowment terms during the ensuing year on the basis of the latest and most favourable scale of benefit as regards those policies which have not been placed permanently upon this latest scale by this or previous allocations of surplus, together with an addition of 2½ per cent. in respect of policies, with certain exceptions, dated prior to January 1, 1936.

ORDINARY BRANCH

In the ordinary branch the number of new policies issued was 32,038, as compared with 41,926 issued during the previous year. The new sums assured amounted to £4,873,322, a sum which represents 76 per cent. of the corresponding figure for 1939.

The ordinary branch premium income for the year was £4,525,796, and the net interest amounted to £1,289,555. The expense ratio was 12.60 as compared with 13.52 in respect of 1939, the decrease being largely attributable to the fall in new business; and the life assurance fund now amounts to £38,807,687, in addition to which there is an investments reserve fund of £2,250,000.

ORDINARY BRANCH VALUATION

Having regard to the fall in interest rates in recent years, and in particular to the consequent probability of a diminishing yield on our funds, it has been thought desirable to strengthen the basis of valuation in this branch. The net premium method was again employed, the rate of interest assumed, as previously, being 3 per cent., but in the case of participating policies 97½ per cent. only of the net premiums on the valuation basis has been valued. On this materially more stringent basis the resulting surplus is £1,607,395, which includes £1,269,858 brought forward from the preceding year. It is felt that the events of last year more than justified the modified form of bonus distribution adopted at our last meeting, and it is proposed that it be repeated, the sum of £75,744, including interim bonuses of £4,609 paid during the year, being allocated to policyholders to provide a bonus on participating policies which become claims by death or survivance within the twelve months commencing March 20, 1941, at the rate of £1 per cent. on the sum assured in respect of each full year's premium due and paid in 1939 and 1940 respectively, the sum of £1,273,285 being carried forward to meet any contingencies which may arise out of the present world situation, or to be dealt with subsequently as the board may determine. The sum of £250,000 is transferred to the investments reserve fund, and the remainder, amounting to £8,416, is allocated to the shareholders.

INVESTMENTS

Turning to the balance sheets, perhaps the outstanding feature is the increase of £3,744,997 in our holdings of British Government securities. This increase is attributable mainly to investments in the new war loans, the total of these investments in itself considerably exceeding the growth in the funds during the year and indicating plainly the company's effort to play its part in financing the country's war requirements.

The total amount of the company's holdings of British Government securities now amounts to £30,193,321, and represents 40.47 per cent. of our total assets and 50.44 per cent. of our Stock Exchange securities. So high a proportion of the foregoing class of investment is not, of course, conducive to a high yield of interest on our funds, but it does possess some favourable features, one of which is that it is principally responsible for my being able to inform you that the aggregate value of our Stock Exchange securities, based on middle market prices, very materially appreciated during the year under review and exceeded considerably the figure at which they appear in the balance sheets, the investments reserve funds being retained intact.

Notwithstanding that your board regard this as a satisfactory position, they have decided, in view of the uncertain outlook which unfortunately still prevails, to transfer £450,000 to the investments reserve funds which, on the passing of these accounts, will amount in the aggregate to £4,700,000.

As regards the interest yields per cent. on our assurance funds, in the industrial branch the gross yield has fallen from £4 12s. 5d. to £4 11s. 5d., and the net yield from £4 5s. 4d. to £4 3s. 4d. In the ordinary branch the gross yield is £4 18s. 1d. against £4 14s. 11d. in 1939, and the corresponding net yield £3 7s. 8d. compared with £3 12s. 7d. These yields, though unpalatable, are, I think, no worse than we might have expected having regard to the circumstances.

There has been litle change in the geographical distribution of the investments as compared with the preceding year, as the following figures indicate:—

	1939	1940
	Per cent.	
Great Britain	84.71 ...	86.85
Indian and Colonial	11.58 ...	9.74
Foreign	3.71 ...	3.41

NATIONAL HEALTH INSURANCE

Turning now to another branch of the company's activities, I have to report that on behalf of the National Amalgamated Approved Society we administer the National Health Insurance of a membership of 745,000. During the year payments of benefit were made amounting to £684,822, including £71,813 in respect of maternity benefits. In addition, the further considerable sum of £46,149 was received by Refuge members by way of non-cash benefits. The number of new members of the society obtained during the year by Refuge representatives was 59,218.

National Health Insurance has become an essential part of the social fabric of this country, and, despite the staff difficulties thrust upon us by war conditions, the services demanded by the insured persons must be maintained.

TRIBUTE TO STAFF

In conclusion, I wish to pay tribute to the efforts of the company's staff, both indoor and outdoor, during a year of intensified war. We were very conscious of the difficulties and dangers which have confronted them in varying degrees in the performance of their duties; but in every area the company's staff have continued to function—administration has been maintained, claims promptly paid, premiums collected, and dispersed policyholders discovered and linked up again with the company's services; and this despite the voluntary civil defence duties so freely undertaken by members of the staff. The whole personnel is passing through a testing time, but I know that Refuge men and women will face with confidence, and overcome, the problems which the future surely holds.

I am glad to say that our relations with the Chief Office Staff Council and the Refuge Field Staff Association continue to be most cordial.

Gentlemen, I have now much pleasure in moving the adoption of the annual report and accounts.

The report and accounts were adopted.

Messrs W. Proctor Smith and J. Wilcock Holgate were reappointed directors.

Messrs Walton Watts and Company were reappointed auditors.

The meeting closed with a vote of thanks to the chairman.

Every year many hundreds of Companies publish Reports of their Annual General Meetings in *The Economist*, thereby reaching thousands of investors in the quiet of their own homes.

In time of war the value of this practice is greatly enhanced because *The Economist* provides valuable information which is not otherwise available to investors, who therefore read it more carefully than ever.

Full particulars of the charges for inserting these reports may be obtained on application to The Reporting Manager, *The Economist*, 8 Bouverie Street, E.C.4.

WESLEYAN AND GENERAL ASSURANCE SOCIETY

CENTENARY YEAR

STRONG FINANCIAL POSITION

NEW "SAVE-TO-WIN" POLICY

A.R.P., A.F.S., AND THE HOME GUARD

ASSETS EXCEED £17,000,000

CLAIMS PAID EXCEED £31,000,000

The one hundredth annual general meeting of the members of the Wesleyan and General Assurance Society was held on the 1st instant, at the Central Hall, Corporation Street, Birmingham, Mr Arthur L. Hunt, F.S.S., F.C.I.I., the society's chairman and managing director, in the chair.

The joint manager and actuary (Mr D. R. Woodgate, M.Com., F.I.A.) presented the reports and statement of accounts for the year ended December 31, 1940.

The chairman, in moving the adoption of the reports, said:—

The society was, as you know, founded one hundred years ago. Its chief office has always been in the City of Birmingham, which at the time of the establishment of the society was a small country town. The city, during the century, has grown to become a great metropolis with over a million inhabitants carrying on a wide variety of trades, and the society has developed into a great insurance institutions serving one in every forty of the population of Great Britain, with district offices in all important centres and agencies in every part of the country.

CLAIMS

During the year the claims paid in all departments amounted to £1,768,560, which brings the total paid since the inception of the society to over thirty-one million pounds. War claims under life assurance policies effected before the outbreak of war have been met by payment of the full sum assured.

I should like to take this opportunity of informing all A.R.P. workers and members of the A.F.S. and the Home Guard that if they effect a with-profits policy in the ordinary department or a policy in the industrial department and pay the normal rate of premiums, they will be treated as favourably as other civilians, and if they are killed as a result of enemy action their dependants will receive one-quarter of the sum assured and twice the premiums they have paid. These are very generous terms of which they will be well advised to take advantage.

With regard to the Home Guard, the directors decided in May, 1940, that, so long as the Home Guard remains as at present constituted, war claims under policies effected before the outbreak of war will be met in full without an extra premium being required. Also, as I have already indicated, members of the Home Guard now effecting policies will be treated in all respects as civilians.

ORDINARY DEPARTMENT

The surplus disclosed on valuation, together with £11,500 transferred from the industrial department, amounted to £183,074 8s. 9d., out of which the directors decided to apply £82,344 to provide a reversionary bonus at the rate of £1 per cent. of the sum assured on all with-profit policies. The directors also transferred £35,000 to general reserve and £11,020 to the staff pension Scheme fund and carried forward £54,710 8s. 9d.

In this department a new "Save-to-Win" policy has been introduced. This policy enables the assured to buy 3 per cent. Savings Bonds, 1955-65, by instalments over fifteen years and also gives life assurance protection to his dependants. By effecting a "Save-to-Win" policy the assured is directly assisting the war effort. If the assured completes his proposal during a local War Weapons Week, the Savings Bonds which the society buys on his behalf count in the local War Weapons Week total.

INDUSTRIAL DEPARTMENT

The premium income of the department increased by over £16,000. The surplus disclosed on valuation amounted to £229,047 8s. 11d., out of which the directors decided to apply £20,000, together with the unexpended balance of previous allocations, for the benefit of industrial department policyholders by way of additions to the sums payable on claims arising by death or maturity on or before April 6, 1942. These additions are on the same scale as formerly, and vary from 2½ per cent. on policies of ten years' duration to 10 per cent. on policies of forty years' duration and over.

The directors also decided to transfer £50,000 to investments reserve, £20,000 (less income tax) to the ordinary department, £20,000 for the benefit of the outdoor staff, £53,980 to the staff pension scheme fund and to carry forward £65,067 3s. 11d.

FIRE, MOTOR VEHICLE, EMPLOYERS' LIABILITY AND GENERAL DEPARTMENTS

The premium income of these departments has suffered a reduction as a consequence of the war, but the departments have been operated at a small profit. This business is wholly reinsured, so that all claims are the liability of the re-insuring office. The funds of the departments have increased to £68,108 18s. 4d.

On the outbreak of war the society was appointed by the Board of Trade to act as agent in connection with the Government scheme for the insurance of commodities. The society, in common with other fire insurance offices, assists in working the scheme without profit. The Government makes an allowance to the society calculated to be sufficient to cover the administrative costs and is itself liable for all claims.

ASSETS

The assets of the society now appear in the balance sheet at £17,211,866, having increased by £470,883 in the year.

Over one-half of the assets are represented by Stock Exchange securities, of which 78 per cent. are securities in the United Kingdom. During the year £532,600 has been invested in the new war issues of British Government securities.

The market value of these Stock Exchange securities exceeds the value at which they stand in the society's books.

Mortgages on property represent nearly one-quarter of the assets. These include over 5,600 loans to enable policyholders to purchase the houses in which they live.

INCREASED FINANCIAL STRENGTH

The financial strength of the society has been increased by £92,965, after meeting war death claims out of revenue and after making special provision in the valuation for war mortality. The investments and general reserves, the surpluses carried forward and the fire and general funds now amount together to over £978,000, and this figure, in conjunction with a consideration of the stringent bases employed in the valuation of liabilities, is a measure of the society's financial strength.

I am particularly pleased to be able to disclose this excellent position in the society's centenary year. It shows that during the prosperous period of years through which the society has passed, the opportunity was taken of making provision for adverse circumstances. This was not done at the expense of policyowners or the staff, for whose benefit substantial allocations were made. In the ordinary department high rates of reversionary bonuses were declared for many years, and since 1927 industrial department policyowners have received allocations totalling over £740,000. The outdoor staff of the society also benefited by the allocation of cash sums since 1927, and a staff pension scheme was instituted in that year.

I am pleased to be able to state with confidence that the society is in a sound position to face the uncertainties of the future, and that it is entering upon its second century of existence in a better financial condition than ever before.

ASSOCIATED PORTLAND CEMENT MANUFACTURERS, LIMITED

A DIFFICULT YEAR

SIR MALCOLM STEWART'S STATEMENT

The forty-second annual general meeting of the Associated Portland Cement Manufacturers, Limited, will be held at the Federation of British Industries, 21, Tothill Street, Westminster, S.W., on April 17th.

The following is an extract from the speech of the chairman, Sir P. Malcolm Stewart, Bt., O.B.E., D.L., LL.D., which has been circulated with the report and accounts.

The chairman, dealing with the accounts, states that the net profit for the year amounted to £539,648, as compared with £741,981 for the previous year. Two interim dividends of 5 per cent each on the ordinary stock in respect of the year have been paid, leaving £2,148 to be added to the carry forward which will then amount to £215,828.

He continues: Trading conditions during the early months of last year were unsatisfactory, deliveries being exceptionally low, influenced by the extreme severity of the weather experienced. Change came with startling suddenness. Three major events coincided and these brought about an abnormal demand, which proved to be short-lived. There was the acceleration of the Government factory construction programme, the heavy requirements for defence works, following the withdrawal of the B.E.F. from France, and also for A.R.P. work. Difficulty in giving prompt delivery, at the same time, to all these demands was much increased by the lack of adequate transport facilities, the slowing down of coastwise shipments in particular throwing an undue strain on rail and road services. The consequences of this passing phase of coincident occurrences caused alarm.

It was erroneously assumed in some quarters that there would be a serious shortage of cement. The situation was made worse by the well-intentioned institution by the Government of a cement coupon scheme, since withdrawn, which further held up deliveries despite the strenuous efforts of the Cement Makers' Federation to administer it. This was the position last autumn. What is the situation to-day? The industry holds in stock over one million tons of cement and cement clinker and it looks as though a number of important factories will be compelled to reduce production because their cement silos and warehouses are filled to capacity.

CEMENT MAKERS' FEDERATION

Since there would appear to be a considerable degree of ignorance as to the performance and policy of the Cement Makers' Federation, I will briefly refer to its war work and aims and to what it has accomplished in recent years. The Cement Makers' Federation, alive to the need for a small body that could take prompt action, shortly after the outbreak of hostilities appointed a War Executive Committee which has worked continuously, placing national interests first and giving all Government departments concerned the fullest help and support in dealing with the inevitable difficulties arising out of the war. That the Federation early realised the industry might be called upon to make an important contribution to the war effort is evidenced by the fact that in October, 1939, its Executive Committee passed a resolution urging all members to expand production to the utmost possible extent regardless of any consideration. But the determination of the industry to provide for the future was given effect to long before the outbreak of war. Between the years 1934 and 1938 it increased its annual production capacity by no less than two and a quarter million tons. This heavy expansion of capacity was mainly outside the Thames and Medway area and far exceeded any normal requirements due to growth of demand; indeed we were faced with the problems arising from over-production.

Let us now consider the results procured through the co-operation of the members of the Cement Makers' Federation. A weak industry, suffering from adversity and paying the lowest rates of wages, has been transformed into a prosperous industry paying good wages and making provision for the welfare of its workers. Some members instituted, many years ago, holidays with pay, profit-sharing schemes, and more recently pension schemes. Rational control of the industry based on close co-operation has put the members of the Cement Makers' Federation in a position to make heavy expenditure on improvements in plant and process so as to secure a high degree of efficiency and to manufacture Portland Cement of much improved quality.

COSTS AND SELLING PRICE

I will give you a few figures relating to our group of companies. In the 15 years prior to the outbreak of war we reduced the average per ton cost of production by 32.3 per cent. During the period the cost of purchased materials was much increased. Let us see how the consumer has fared. Has he shared in the proceeds arising from reduced costs of production? He certainly has most substantially, since the net naked average price per ton received by us at works from the consumer was in the 15 years prewar reduced by 35 per cent. It goes without saying that this reduction in selling prices could not have been achieved had we not been able greatly to increase production and deliveries.

Let us now see how we have dealt with our employees, and this is of primary importance. Between 1925 and May, 1939, six advances in wages, totalling 12s. per week were granted by the National Joint Industrial Council. Further, thanks to the harmonious working between the manufacturers and the Trade Union delegates on the council, the industry has been free from strikes and lock-outs. At the same time a good return has been made to our stockholders and the financial position of the companies has been strengthened. Efficiency, the vital factor in industry, bringing low overhead charges and reduced costs of production, has been achieved despite the increased costs of materials and the advances in wages to our workers. Thus have the benefits accruing from co-operation through the Cement Makers' Federation been fairly shared. I have endeavoured to make clear the policy and performance of the Cement Makers' Federation through facts and figures given you.

POST-WAR PROBLEMS

The recent creation by the Government of the Ministry of Works and Buildings, with Lord Reith as Minister, is a step in the right direction towards solving the practical problems of reconstruction and planning. The industry welcomes Government control in war time, since we court investigation. The effective organisation of the Federation is considerably facilitating the task; indeed the greater the need for Government intervention in industry the greater the necessity for each industry to be well organised. This is an essential requirement if industrial reconstruction is to proceed smoothly.

Most of us are conscious that after the war we shall enter a period of far-reaching changes affecting our social and industrial life. We have to wait to see the shape these will take. Meanwhile, every nerve must be strained to make more effective our man power and material resources to secure an unchallengeable victory. This is not yet in sight, but the will to work and to win, sustained by the progress already achieved on sea, land and in the air, thanks to brilliant leadership and the indomitable courage of all Arms, gives calm and confident assurance of final triumph.

In these times it is obvious that any forecast must be hedged with caution. The year has opened disappointingly, the demand being weak. Despite the relatively better weather, as compared with the early months of 1940, we have only recently passed the very low deliveries then made. Transport and production may become more difficult and dislocated, but even if this does not happen I feel we shall be fortunate if the demand absorbs the tonnage produced. Thus, the present outlook does not warrant my leading you to look for the submission next year of results which will show an improvement on those now before you.

THE UNITED GLASS BOTTLE MANUFACTURERS, LIMITED

TRIBUTE TO STAFF

SATISFACTORY RESULTS

EXPORT TRADE INCREASED

DIVIDEND MAINTAINED

SIR MAX J. BONN'S STATEMENT

The following statement by the chairman, Sir Max J. Bonn, has been issued to the shareholders of the United Glass Bottle Manufacturers, Limited.

Your directors deemed it a matter of general convenience that my necessarily brief observations should accompany the annual report and accounts for the financial year ended December 31, 1940. Thus the general meeting to be held on the 17th inst. will be called upon to transact formal business only.

The satisfactory figures now submitted for your approval do not adequately refect the difficulties under which our factories have been working, some, fortunately, of a temporary nature only, others of a general character. It is therefore right that pride of place should be given to an expression of sincere appreciation and best thanks to the managers of the factories and to all members of the U.G.B. organisation. Their efforts and exertions have not been limited to their ordinary duties, but cover the wider field of additional service, which both self-interest and public spirit demand.

I know that it will give Mr T. C. Moorshead very special satisfaction to convey this message to all concerned, with which, I am sure, shareholders would wish to be associated.

Your business is becoming more markedly subordinate to the national effort, both by direct contribution and the effect on our customers of the Limitation of Supplies Orders.

If I deal more cursorily with the comparative figures, you will appreciate the need for greater reticence.

BALANCE SHEET ITEMS

Dealing with the assets side of the balance sheet, it will be observed that plant and machinery at £558,449 compare with £598,052 last year. The sum of £120,000 has been invested in National War Bonds, and during the St. Helens War Weapons Week in March this year we subscribed a further sum of £25,000. The "U.G.B." National Savings Group, which was formed in January, 1940, has received the continued support of our staff and works employees throughout the organisation. Cash at bankers, £170,951, shows a decrease of £38,469. Stocks, stores and packages are increased by £160,843 to £783,844. Debtors, including dividends due from subsidiary companies (since received) at £701,880 compare with £650,105. On the liability side of the account sundry creditors and provision for income tax, Excess Profits Tax, war damage insurances and contingencies at £758,999, show an increase of £204,801.

PROFIT AND LOSS ACCOUNT

The net profit for the year shown in the accounts is £236,345 (as against the previous year £248,443), to which is added the balance from last year, £41,096. After making various allocations, to which I shall refer later on, there remains available for distribution £193,251.

The dividend for the year, less income tax on the preference shares £51,809, and an interim dividend less income tax on the ordinary shares, £22,480, has been paid, and it is proposed to pay a final dividend on the ordinary shares of 6 per cent. less income tax, making 9½ per cent. for the year (same as last year) and a cash bonus of 2½ per cent. less income tax (same as last year) £54,594, and to carry forward a balance of £64,368.

SUBSIDIARY COMPANIES

The item "Dividends from subsidiary companies" consists mainly of the contribution we receive from British Bottles, Limited. Once again they have worked in accordance with the key figure on which the merger was based, but have distributed only the same dividend as last year, less the heavier deduction for income tax.

Our Northern factories make an essential, though indirect, contribution to the export effort. As regards the export of empty bottles U.G.B. shows a further satisfactory increase.

Kork-N-Seal, Limited, have somewhat reduced their dividend, largely as a measure of precaution. During the year they moved some of their activities closer to their main consumers; pending the smoothing-out of the inevitable difficulties of physical transfer, it is only reasonable to expect some drop in net earnings.

INCREASED COSTS AND SELLING PRICES

Practically throughout the whole of the year our rising costs have been absorbed without any increase in our prices. This was solely possible thanks to the large volume and the increased velocity of our turnover and the economies resulting therefrom. Towards the end of the year, however, it became necessary to impose a further price increase of 10 per cent.

You will readily appreciate the difficulty in making strict comparisons with pre-war results; apart from the heavy surcharges—such as the increase in wages, raw materials, freights, etc., etc.—the cost of war risk insurance constitutes a heavy incidence. Provision for the back payment which will become due in respect of war risk insurance on buildings and plant has been made as a direct working charge.

You will observe the special reference in the amount charged for depreciation under the heading of "Depreciation of moulds." We have had to restrict our mould work more and more. Thus, it has been impossible to keep them at the normal U.G.B. standard of repair, the highest possible one. When we return to post-war practice we shall be confronted with heavy arrears for mould repair, and we have now started making the necessary provision.

ALLOCATION OF PROFITS

As regards the allocation of the net profit shown, those for debenture sinking fund, staff benevolent fund and air-raid precaution expenditure require no special comment.

Rather than add to general reserve, we have allocated £25,000 to contingency reserve and have increased the carry-forward by £23,272. We would ask you to regard this liquidity as an indication of the many uncertainties which may affect our production. So far, however, we have worked quite satisfactorily and in accordance with our anticipations, which envisaged some shrinkage from the abnormally high level of our general business during the last few years.

I am happy to be able to state that within the last few days we have had word from our friends, the Owens-Illinois Glass Company, offering to extend our technical understanding for a further period. Quite part from its practical value, we regard it as a gesture significant of their desire, in common with the American people, to extend a helpful hand.

Once again we offer our best wishes to absent colleagues and to all other members of our organisation engaged on active service and civil defence, and look forward to the renewal of a more personal meeting with our shareholders.

THE SCOTTISH PROVIDENT

To the officials at Head Office and Branches and to every

HALIFAX BUILDING SOCIETY

STRONG LIQUID POSITION

The eighty-eighth annual general meeting of this society was held, on the 7th instant, in Halifax.

In moving the adoption of the report and statement of accounts, Brigadier-General Sir Edward N. Whitley, K.C.B., C.M.G., D.S.O., D.L., the president of the society, said:—

Just after our last annual meeting the land campaign opened on the continent of Europe with the invasion of Denmark and Norway, and ended two months later with the collapse of France. Neither the results of the land campaign nor the great air battles over this country in August and September, however, shook the confidence of our investing members or depositors, and the notices for withdrawal remained at all times easily within the amount of cash lying in the hands of our bankers. Indeed, throughout the whole period fresh investment money continued to come in.

WAR DAMAGE ACT

Turning to the effects of the war on our borrowing members, we cannot forget the tragedy to the individual member who has lost, in one moment, his or her home and all that it contained, and we welcomed the Government's promise of a scheme of compensation for war damage which has now been brought to fulfilment in the War Damage Act. This Act strengthens our position as mortgagees, and we have not felt it necessary to make any special provision in the year's accounts for war damage where it has occurred. It also confers benefits on our members whose property may have been damaged or destroyed by enemy action, and introduces a wholly new principle into the relations between lenders and borrowers. A borrower who has purchased his house with the aid of a loan from the society can, under certain conditions, now call upon the society to reimburse him a considerable proportion of the contribution which he has to make under the Act.

BURDEN OF TAXATION

There has been a tremendous increase in our income-tax liability, and this tax, together with our National Defence Contribution in the year of account, amounted to over one and a quarter million pounds. After paying interest to shareholders (£2,626,004) there remains a sum of £299,726 out of which we propose to pay a bonus of 5s. per cent. to the paid-up shareholders Class 1 and to the monthly subscription investing shareholders, leaving a balance to be carried forward to next year of £267,778.

The total reserve funds and undivided profit are now nearly £6,000,000, or almost 6 per cent. of the amount outstanding on our mortgage securities.

The liquid assets, which are represented by trustee investments repayable at par at fixed dates, and cash in hand or in the banks, have increased by £1,897,585 to £23,833,977 and include £1,760,000 of British Government securities, for which we have subscribed during the year as a contribution to the national needs, and we have directly channeled on behalf of our members and depositors a further sum of £2,304,000.

To sum up the accounts for the year in a sentence, we have increased our liquid assets, we have retained the confidence of our investors, and our borrowing members have again shown their determination to fulfil their obligations in the face of the difficulties and trials of total war.

MEMBERS' AVERAGE HOLDING

There is often a tendency to regard a building society as a wealthy corporation, and I think it is time to protest strongly against that point of view. Our members are, in the main, men of small means, the average amount standing to the credit of each of our investing members and depositors being £256, and it is unfair to treat them as if they held great accumulations of wealth.

In conclusion, the president extended the good wishes and thanks of the directors to the 235 members of the staff serving with the forces, and to the general managers, officials, branch managers and staff for carrying on under difficult conditions.

TELEPHONE AND GENERAL TRUST, LIMITED

A SATISFACTORY RESULT

The fifteenth annual general meeting of the Telephone and General Trust, Limited, will be held at Maidenhead on the 21st instant.

The following is a summary of the statement of the acting chairman, Mr A. N. Rye, which has been circulated with the report and accounts.

The chairman of the company, Sir Alexander Roger, was called upon by the Ministry of Supply to lead a mission to India in the summer of last year, and had sent a cable expressing his deep regret at his inability to preside at the general meeting this year.

The profit for the year amounted to £114,287, an increase of £1,758. Including the amount brought forward, the total available for distribution was £176,856. Income tax accounted for £12,000, and, after providing for the 7 per cent preference dividend, an interim dividend of 3 per cent and a final of 5 per cent on the ordinary stock and a dividend of 8 per cent on the "A" ordinary shares, there was £68,196 to be carried forward against £62,569 brought in.

There was a reduction of £173,604 in debentures and loans to subsidiary companies and an increase of £121,468 in cash at call and at bank. Early in 1940 the Anglo-Portuguese Telephone Company was permitted to issue £200,000 of debenture stock, the proceeds of which were used to repay part of the trust's loan. Under present conditions they had deemed it desirable to maintain a more liquid cash position than was their usual practice.

A valuation of their securities at December 31, 1940, showed a depreciation of 10.6 per cent on the total investments of £2,420,262. That depreciation was more than covered by reserves and surplus.

Speaking generally, they had surmounted the difficulties of 1940 more successfully than he personally had thought probable, and had made a good start in 1941.

BRITISH TYRE AND RUBBER COMPANY, LIMITED

BURDEN OF E.P.T.

The annual general meeting of this company was held, on the 7th instant, in London.

Sir Walrond Sinclair, K.B.E. (chairman and managing director), in the course of his speech, said: The net profit for the year, subject to taxation, amounts to £318,506. Preference dividend paid for the year to May 31, 1940, was £13,500 net, premium and expenses on redemption of debenture stock £124, interim ordinary dividend of 3½ per cent £19,687, while there are transfers to contingencies reserve £40,000, amount written off goodwill, etc., £12,500, and allocation to general reserve £25,000. At the general meeting held on October 8, 1940, a further interim dividend of 4½ per cent, less tax, on ordinary shares, requiring £23,288, was authorised and subsequently paid, and the directors now recommend a cash bonus of 3 per cent, less tax.

While the dividend distribution, together with the bonus, has been maintained on the same basis as last year, the operation of the excess profits tax creates—and will create still more in future—a "ceiling" beyond which we cannot penetrate so long as it is maintained at 100 per cent. The accounts under review cover a period of six months of the E.P.T. rate at 60 per cent, and the second six months at 100 per cent, or, in other words, the average is 80 per cent, but if no change takes place our future profits—provided they are above a certain figure—will be subject to the full rate of 100 per cent.

The excess profits tax in our case means that there will be appropriation to the Exchequer of 100 per cent of all profits made above what is to us an artificial and arbitrary level calculated at a period dating considerably before hostilities broke out. Consequently the profit available for distribution to shareholders will be restricted to that arbitrary level.

The report and accounts were unanimously adopted.

THE SCOTTISH PROVIDENT INSTITUTION

MUTUAL LIFE ASSURANCE

The One Hundred and Third Annual General Meeting of the Scottish Provident Institution was held in Edinburgh on Tuesday, the 8th instant, Mr A. W. M. Beveridge in the chair. Before dealing with the accounts, the chairman referred to the loss sustained through the deaths of Mr James Maxtone Graham and Mr Alfred Shepherd, directors, and of Sir Robert Boothby, manager of the Institution, and paid fitting tribute to their personality and their services over many years.

He continued as follows:—

The report deals with the first complete calendar year of the present war, and the figures show a further diminution in new business. Proposals were received for amounts totalling £1,725,120, and policies were issued for £1,547,922. Of this, £146,131 was reassured with other offices, leaving a net total of £1,401,791, which is 60 per cent. of the business for the previous year. In the case of five offices, which are covering civilian war risk without extra, the percentage is no more than 67½. Part of the decrease in our figures arises from our having withdrawn from the issue of temporary and other low-rated assurances and part from the reduction in the number of our inspectors, due to their being called up. Instead of four months of war, as in 1939, we have had twelve in 1940, and some of the effects are cumulative. More and more of the men of assuring ages—our potential policy-holders, are being absorbed into the forces.

The total funds stand at £25,826,801, which is £34,537 less than the corresponding figure for the previous year. The items producing this result have been variously affected by the war. Commission and expenses are lower. Past experience has been repeated in fewer surrenders of policies and fewer loans upon policies. Income tax payments have gone up by £29,763. Claims by death are up £22,737. Of the total death claims of £1,021,510, £82,667 due to death from enemy action arises in respect of policies issued before the war, under which we were covering war risks without receiving any extra premium, this sum being made up of £12,707 for civilians and £69,960 for members of the forces. For new entrants the practice of the Institution is now to restrict the liability in event of death occasioned by hostilities to a return of premiums paid or the surrender value, if that should be greater.

The rate of interest realised is £4 5s. 10d. gross (£4 8s. 6d. in 1939), and the net rate works out at £3 4s. 9d., as against £3 9s. 10d. last year. The further reduction in net yield is due in part to increased income tax, although the second Finance Act of 1940 limited the rate applicable to mutual life assurance offices to 7s. 6d. in the £. These yields are calculated on the total funds of the Institution, including the Investment Reserve Fund.

The greater portion of our funds having been invested in pre-war days, the yield last year, as I have said, was £3 4s. 9d. net, but as investments mature a lower rate must be looked for, since it is our normal policy to use new money to support the new war loans.

The depreciation at the end of 1939 of some 3½ per cent. in the aggregate market value of the Stock Exchange Securities, after taking the Investment Reserve Fund into account, had disappeared before the annual meeting in March of last year, but the events of May and June caused renewed weakness, so that at December 31, 1940, the depreciation was virtually the same as at the end of the previous year. The directors bore this in mind when they deemed it prudent to increase the Investment Reserve Fund by £750,000, making it up to £1,350,000.

In his speech last year the chairman stated that the Board reserved the right, under current conditions, to reconsider the position as regards intermediate bonuses, if circumstances should necessitate such a course. Keeping in mind the severity of air attack and the reduction which falling interest rates may make in the surplus at 1943 (out of which intermediate additions fall to be paid), the directors thought it well to suspend payment of them in respect of claims after December 31, 1940, whether by death or survivance.

To the officials at Head Office and Branches and to every member of the staff, I take this opportunity of expressing our thanks and appreciation.

With cheerful determination they are doing their utmost and overtaking whatever extra may fall to them of the work of the Institution.

The motion for the adoption of the report was seconded by Mr John Bartholomew, F.R.G.S., and carried unanimously.

The directorate was thereafter constituted and Mr Francis More, C.A., was reappointed auditor.

JOHN BARKER AND COMPANY, LIMITED

A SATISFACTORY PROFIT

The forty-eighth ordinary general meeting of John Barker and Company, Limited, was held, on the 8th instant, at 99-121 Kensington High Street, W.

Mr Trevor A. Bowewn, D.L., J.P., chairman and joint managing director, after paying a tribute to the life and work of the late Sir Sydney Skinner, who was chairman of the company up to the time of his death, said: Having in mind the many difficulties and trading problems which have arisen as a result of the war, the final net profit of £196,897 is satisfactory. I am well aware that there is a drop of £109,765 compared with last year; but you will, I feel sure, agree that we have emerged fairly well.

I am under no illusions with regard to the current year: it may well prove one of the most difficult in the company's experience. It has been well said that difficulties are made to be overcome, and all who serve your interests will do their best.

The difficulties relating to the "Limitation of Supplies" Act will undoubtedly operate in increasing measure during the current year; and already the further restricted quotas (reduced in many cases to as low as 25 and 33⅓ per cent of our pre-war figures) are being experienced. To this must be added the further burden of the Purchase Tax—16⅔ per cent in many cases and 33⅓ per cent in others on the wholesale price of specified goods, so increasing the price to the consumer. These matters are beyond our control. One bright spot, however, is that your board anticipated legislation of this kind and immediately took steps to increase the company's stocks of merchandise.

The final result is a net profit of £196,897, showing a decrease of £109,766. But for the circumstances obtaining during the year it would be a serious decline but you will appreciate why our final net profit has decreased by approximately one-third.

The directors recommend the payment of 10 per cent for the year on the ordinary shares, carrying forward £205,328, or a little more than we brought in.

The report was adopted.

To Overseas Readers

Overseas readers may find that, in the disturbed conditions of wartime, *The Economist* does not reach them quickly enough, or that they require more detailed information on individual markets or special topics than can be compressed within the limited space permitted by the necessity to economise paper.

The attention of our readers is therefore drawn to *The Economist's* Intelligence Branch, which is prepared to meet the need for a rapid and objective appraisal of commodity markets, industrial prospects, political factors and other topics of vital concern to the business man. These special services consist of regular cables or mail reports, or both. They are designed to meet individual requirements and are confidential and exclusive to each client.

Enquiries should be addressed to the

Intelligence Branch,
THE ECONOMIST
8 Bouverie Street, London, E.C.4

CURRENT STATISTICS

Finance

GOVERNMENT RETURNS

For the five days ended April 5, 1941, total ordinary revenue was £31,849,000, against ordinary expenditure of £88,358,000 and issues to sinking funds of £266,000 (against £5,514,000, not £5,514 as stated, last week). Thus, including sinking fund allocations, the deficit was £56,775,000 against £27,999,000 for the corresponding period a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands): 6 days ended April 6, 1940	5 days ended April 5, 1941
ORDINARY REVENUE		
Income Tax	9,649	13,723
Sur-tax	1,390	1,940
Estate, etc., Duties	1,570	1,850
Stamps	270	...
N.D.C.	530	330
E.P.T.	50	3,266
Other Inland Revenue	20	...
Total Inland Revenue	13,479	21,109
Customs	4,596	6,771
Excise	779	1,800
Total Customs and Excise	5,375	8,571
Motor Duties	2,184	1,617
P.O. (Net Receipt)	*Dr.250*	500
Crown Lands	...	...
Receipts from Sundry Loans	...	...
Miscellaneous Receipts	24	52
Total ordinary Revenue	20,812	31,849
SELF-BALANCING Post Office and Broadcasting	1,400	900
Total	22,212	32,749

Expenditure	Issues out of the Exchequer to meet payments (£ thousands): 6 days ended April 6, 1940	5 days ended April 5, 1941
ORDINARY EXPENDITURE		
Int. and Man. of National Debt	17,520	16,326
Payments to N. Ireland	...	...
Other Cons. Fund Serv.	32	32
Total	17,552	16,358
Supply Services	31,000	72,000
Total Ord. Expenditure	48,552	88,358
Sinking Funds	259	266
Total	48,811	88,624
SELF-BALANCING Post Office and Broadcasting	1,400	900
Total	50,211	89,524

After increasing Exchequer balances by £211,766 to £2,838,281, the other operations for the week (no longer shown separately) raised the gross National Debt by £58,082,244 to about £11,453 millions (after deducting £17,043,000 issued to sinking funds in 1940–41, but excluding issues to sinking funds in 1941–42).

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1st, 1941, to April 5th, 1941, are :—

(£ thousands)

Ordinary Exp.	88,358	Ord. Revenue	31,849
Inc. in balances	212	Gross. borr.	58,082
Misc. issues (net)	1,095	*Less*—	
		Sinking fds.	266
		Net borrowing	57,816
	89,665		89,665

OTHER ISSUES (NET)

(£ thousands)

Anglo-Turkish Agreement	97
Tithe Act	930
Overseas Trade Guarantees	68
	1,095

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Treasury Deposits by Banks	Total Floating Debt
1940						
April 6	716·0	706·3	55·0	...		1477·3
Dec. 31	2151·8		86·0	50·5	33	2626 3
1941						
Jan. 11	845·0		Not available			
,, 18	845·0					
,, 25	845·0	1340·7	96·1	...	366·0	2647·7
Feb. 1	845·0		Not available			
,, 8	845·0		,, ,,			
,, 15	845·0		,, ,,			
,, 22	845·0	1369·4	165·5	...	355·0	2734·9
Mar. 1	845·0		Not available			
,, 8	845·0		,, ,,			
,, 15	845·0		,, ,,			
,, 22	845·0		,, ,,			
,, 29	2211·6		172·3	...	429·5	2813·4
April 15	845·0		Not available			

TREASURY BILLS

(£ millions)

Date of Tender	Amount: Offered for	Amount: Applied	Amount: Allotted	Average Rate Allotted	Per Cent. Allotted at Min. Rate
1940					
April 5	50·0	94·5	50·0	20 8·33	51
Dec. 27	65·0	143·8	65·0	20 1·52	31
1941					
Jan. 3	65·0	133·3	65·0	20 2·03	38
,, 10	65·0	134·7	65·0	20 2·01	38
,, 17	65·0	146·0	65·0	20 1·28	27
,, 24	65·0	139·4	65·0	20 4·04	28
,, 31	65·0	150·7	65·0	20 2·84	100
Feb. 7	65·0	149·4	65·0	20 3·39	10
,, 14	65·0	142·5	65·0	20 4·23	23
,, 21	65·0	139·1	65·0	20 4·43	28
,, 28	65·0	160·5	65·0	20 3·43	15
Mar. 7	65·0	151·2	65·0	20 0·17	42
,, 14	65·0	153·8	65·0	19 11·79	24
,, 21	65·0	131·6	65·0	20 2·95	17
,, 28	65·0	148·3	65·0	20 2·46	28
April 4	70·0	164·7	70·0	20 2·41	26

On April 4th applications at £99 14s. 11d. per cent. for bills to be paid for on Monday, Tuesday, Wednesday, Thursday, Friday and Saturday of following week were accepted as to about 26 per cent. of the amount applied for, and applications at higher prices in full. £70 millions of Treasury bills are being offered on April 11th. For the week ending April 12th the banks will be asked for Treasury deposits to the maximum amount of £40 millions.

NATIONAL SAVINGS CERTIFICATES AND 3% AND 2½% BONDS SUBSCRIPTIONS

(£ thousands)

Week ended	N.S.C.	3% Def. Bonds	2½% Bonds	New 2½%	3% Sav. Bonds
Feb. 25	4,602	4,661	47	8,927	4,920
Mar. 4	4,475	3,615	8	8,952	6,314
,, 11	4,518	4,627	1	9,472	6,490
,, 18	4,180	4,428	Nil	9,217	4,969
,, 25	5,055	4,658	14	17,685	11,080
Apr. 1	4,918	4,957	Nil	11,252	10,541
,, 8	...	...	Nil	10,448	8,516
Totals to date	256,516*	252,914*	444,433†	160,838§	99,240§

* 71 weeks. † 42 weeks. § 14 weeks

Interest free loans received by the Treasury up to April 8th amounted to a total value of £30,937,446. Up to March 31st, principal of Savings Certificates to the amount of £31,672,000 had been repaid.

OVERSEAS BANK RETURNS

NOTE.—The latest returns of the Bank of Finland appeared in "The Economist" of Dec. 9th, 1939; Norway, of Apr. 13th, 1940; Denmark, of Apr. 27th; Netherlands, of May 11th; Belgium, of May 18th; France, of June 8th; Switzerland, of June 15th; Java, of June 22nd; Latvia, of Oct. 5th; Estonia, of Oct. 26th; Mellie Iran, of Nov. 23rd; Lithuania, of Nov. 30th; Roumania, of Feb. 8th; Egypt, Reichsbank, International Settlements, of Feb. 15th; Roumania, of Feb. 22nd; Hungary, Portugal, and Turkey, of March 8th; Bulgaria, of Mar. 15th; Greece, of Mar. 22nd; Jugoslavia, of Mar. 29th; Sweden, U.S. Federal Reserve Member Banks, and Prague, of Apr. 5th.

U.S. FEDERAL RESERVE BANKS
Million $'s

12 U.S.F.R. Banks	Apr. 3, 1940	Mar. 20, 1941	Mar. 27, 1941	Apr. 3, 1941
RESOURCES				
Gold Certifs. on hand and due from Treas.	16,102	20,103	20,102	20,101
Total reserves	16,485	20,446	20,454	20,436
Total cash reserves	375	332	341	324
Total U.S. Govt. secs.	2,467	2,184	2,184	2,184
Total bills and secs.	2,480	2,193	2,193	2,193
Total resources	19,719	23,731	23,527	23,551
LIABILITIES				
F.R. notes in circn.	4,935	6,036	6,079	6,159
Excess mr. bank res.	5,820	6,110	6,010	5,940
Mr. banks res. dep.	12,395	13,741	13,633	13,506
Govt. deposits	692	913	906	1,045
Total deposits	13,824	16,375	15,327	16,255
Total liabilities	19,719	23,731	23,527	23,551
Reserve ratio	87·9%	91·1%	91·3%	91·2%
BANKS AND TREASURY: RESOURCES				
Monetary gold stock	18,470	22,335	22,359	22,384
Treas. and bk. currency	2,991	3,104	3,108	3,110
LIABILITIES				
Money in circulation	7,521	8,826	8,842	8,944
Treas. cash and dep.	3,064	3,121	3,136	3,296

BANK OF CANADA—Million Can.$

ASSETS	Mar. 20, 1940	Feb. 26, 1941	Mar. 5, 1941	Mar. 19, 1941
†Reserve: Gold	225·8	...	...	...
Other	53·5	51·0	60·66	67·26
†Securities	217·8	569·33	571·67	534·68
LIABILITIES				
Note circulation	217·3	350·31	357·44	360·93
Deposits: Dom. Govt.	50·1	53·72	62·93	20·68
Chartered banks	205·1	208·16	211·27	214·70

† Gold anf foreign exchange transferred to Foreign Exchange Control Board against securities.

AUSTRALIAN COMMONWEALTH BANK.—Million £A's

ASSETS	Feb. 12, 1940	Jan. 20, 1941	Jan. 27, 1941	Feb. 3, 1941
Gold and English stg.	16·08	17·71	17·71	17·71
Other coin, bullion, etc.	7·06	6·55	6·34	6·64
Call money, London	30·64	62·32	59·22	59·41
Secrts. and Treas. bills	93·85	92·15	91·89	90·93
Discounts and advances	31·40	26·97	27·13	27·06
LIABILITIES				
Notes issued	52·02	62·87	62·37	62·37
Deposits, etc.	108·12	126·04	122·59	122·89

RESERVE BANK OF NEW ZEALAND
Million £N.Z.'s

ASSETS	Feb. 19, 1940	Jan. 27, 1941	Feb. 3, 1941	Feb. 17, 1941
Gold and stg. exch.	12·31	16·16	17·18	18·95
Advances to State	26·26	26·93	26·59	26·55
Investments	3·36	3·77	3·78	3·78
LIABILITIES				
Bank Notes	18·09	21·82	21·67	21·40
Demand liabs.: State	5·74	7·97	8·91	10·35
Banks and others	16·11	15·68	15·87	16·19
Reserves to sight liabs.	30·8%	35·5%	37·0%	39·5%

CENTRAL BANK OF ARGENTINA
Million paper pesos

ASSETS	Jan. 31, 1940	Dec. 31, 1940	Jan. 15, 1941	Jan. 31, 1941
Gold at home	1,224	1,071	1,071	1,071
Other gold & for exch.	172	258	259	271
Non-int. Govt. bonds	119	119	119	119
Treasury bonds	396	395	395	395
LIABILITIES				
Notes in circulation	1,165	1,224	1,201	1,213
Deposits: Government	181	106	114	147
Banks	438	496	454	496
Certs. of participation	123	127	119	63
Reserve ratio	78·1%	75·1%	75·1%	72·2%

(Continued on page 509)

MONEY MARKET STATISTICS

EXCHANGE RATES

The following rates fixed by the Bank of England remained unchanged between April 2nd and April 8th. (Figures in brackets are par of exchange.)

United States. $ (*4·86⅔*) 4·02½–03½; mail transfers 4·02½–03⅝. **Canada.** $ (*4·86⅔*) 4·43–47; mail transfers 4·43–47½. **Switzerland.** Francs (*25·22½*) 17·30–40. **Sweden.** Krona (*18·159*) 16·85–95. **Argentina.** Peso (*11·45*) 16·95⅝–17·13; mail transfers 16·95⅝–17·15. **Dutch East Indies.** Florin (*12·11*) 7·58–62; mail transfers 7·58–64. **Dutch West Indies.** Florin 7·58–62; mail transfers 7·58–64. **Portugal.** Escudos (*110*) 99·80–100·20. **Panama.** $ 4·02–04; mail transfers 4·02–04½. **Manila.** Peso 8·09–13; mail transfers. 8·09–13.

Rates Fixed for Payment at Bank of England for Clearing Offices

Spain. Peseta (*25·22½*) 40·50 (Official rate); 46·55 (Voluntary rate). **Turkey.** £T (*1·10*) 5·20.

Market Rates

The following rates remained unchanged between April 2nd and April 8th :—

Greece. Drachma (*375*) 515 sellers. **Finland.** Mark (*193·23*) 180–210. **Egypt.** Piastres (*97½*) 97⅜–⅝. **India.** Rupee (*18d. per rupee*) 17⅞–18⅛. **Hongkong.** 14⅞–15⅛d. per $. **Japan.** Yen (*24·58d. per yen*) 13⅞–14⅛. **Jugoslavia.** Dinar (*276·32*) 155 sellers; trade payments 200 sellers **Singapore.** $ (*28d. per $*) 28⅛–⅛. **Colombia.** Peso 6 (nominal). **Belgian Congo.** Francs 176½–¾. **Shanghai.** 3–3½d. per $.

SPECIAL ACCOUNTS are in force for the following countries and no rate of exchange is accordingly quoted in London: Hungary, Turkey, Brazil, Chile, Uruguay and Peru.

Forward Rates

Forward rates for one month have remained unchanged as follows :—**United States.** ⅝ cent pm.-par. **Canada.** ½ cent pm.-par. **Switzerland.** 3 cents pm.-par. **Sweden.** 3 ore pm.-par. **Dutch East Indies.** 1½ cents pm.-par.

MONEY RATES, LONDON

The following rates remained unchanged between April 2nd and April 8th :—

Bank rate, 2% (changed from 3% October 26th, 1939). Discount rates: Bank Bills, 60 days, 1₁⁄₁₆%; 3 months, 1₁⁄₁₆%; 4 months, 1₁⁄₃₂%; 6 months, 1⅛%. Treasury bills: 2 months, 1–1₁⁄₁₆%; 3 months, 1₁⁄₁₆%. Day-to-day money, ¾–1¼%. Short loans, 1–1½%. Bank deposit rates, ½%. Discount deposits at call, ½%; at notice ⅝%.

GOLD AND SILVER

The Bank of England's official buying price for gold remained at 168s. 0d. per fine ounce throughout the week.

In the London silver market prices per standard ounce have been as follows :—

Date	Cash	Two Months	Date	Cash	Two Months
	d.	d.		d.	d.
Apr. 3	23¼	23 3/16	Apr. 8	23¼	23¼
„ 4	23¼	23 3/16	„ 9	23½	23 7/16
„ 7	23⅛	23⅛			

PROVINCIAL BANK CLEARINGS (£ thousands)

	Week ended		Aggregate January 1 to			Week ended		Aggregate January 1 to	
	Apr. 6, 1940	Apr. 5, 1941	Apr. 6, 1940	Apr. 5, 1941		Apr. 6, 1940	Apr. 5, 1941	Apr. 6, 1940	Apr. 5, 1941
Working days :—	6	6	81	83	Newcastle	1,512	1,319	21,288	18,742
Birm'ham	2,994	3,064	33,226	32,177	Nottingham	545	529	6,571	6,871
Bradford..	790	1,837	19,800	32,315	Sheffield...	870	1,356	10,359	9,419
Bristol ...	1,534	2,024	23,315	26,652	10 Towns	29,486	32,601	384093	394176
Hull	923	810	12,554	9,501					
Leicester	1,058	1,149	11,147	12,369	Dublin*	6,354	7,578	81,257	81,774
Liverpool	5,447	6,328	85,035	78,151	So'th'pton†	...	125	...	1,533
Manch'ter	13,813	14,185	161698	167979					

* Mar. 30, 1940, and Mar. 29, 1941. † Clearing begun May 14, 1940.

NEW YORK EXCHANGE RATES

New York on	Apr. 2, 1941	Apr. 3, 1941	Apr. 4, 1941	Apr. 5, 1941	Apr. 7, 1941	Apr. 8, 1941
London :—	Cents	Cents	Cents	Cents	Cents	Cents
Cables	403¼	403¼	403¼	403¼	403¼	403¼
Switzerland, Fr.	23·27 (*b*)	23·26 (*b*)	23·24 (*b*)	23·22 (*b*)	23·24 (*b*)	23·25(*b*)
Italy, Lire	5·05(*c*)	5·05 (*c*)	5·05 (*c*)	5·05 (*c*)	5·05 (*c*)	5·05(*c*)
Berlin, Mark	40·05	40·05	40·05	40·05	40·05	40·05
Stockholm, Kr.	23·85	23·84.	23·84	23·83	23·83	23·84
Montreal, Can. $	87·000	87·000	87·000	87·000	87·060	87·125
Japan, Yen	23·45–48 (*a*)	23·45–48 (*a*)	23·45–48 (*a*)	23·45–48 (*a*)	23·45–48 (*a*)	23·45–48 (*a*)
Shanghai, $	5·42	5·42	5·44	5·44	5·50	5·48
B. Aires, Pso. (mkt. rate)	23·15‡	23·15‡	23·15‡	23·15‡	23·25‡	23·20‡
Brazil, Milreis	5·05	5·05	5·05	5·05	5·05	5·05

‡ Official buying rate 29·78. (*a*) Offered. (*b*) Free Rate. (*c*) Nominal.

DIVIDEND ANNOUNCEMENTS

Rates are actual unless stated per annum or in cash. Previous year's rate is total dividend unless marked* indicating interim dividend.

Company	*Int. or †Final	Total	Pay-able	Prev. Year
	%	%		%
MINING				
Boulder Perseverance...	20†	40	...	40
Roan Antelope Copper	5*	...	May19	10*
INSURANCE				
South British Insurance	7½*	...	...	7½*
TEA AND RUBBER				
Ampat (Sumatra) Rbr...	...	6¼	...	2½
Ayer Kuning Rubber ...	...	10	...	10
Batu Kawan Rubber ...	...	2½	...	1¼
Hidden Streams Rubber	...	10	...	5
Highlands and Lowlands				
Karak Rubber	...	7½	...	5
Kuala Kangsar Rubber	4½†	10	...	5½
Rubber	...	10	...	10
Sungei Buaya Rubber .	...	3¾	...	2½
Sungei Choh Rubber ...	...	5	...	3
Takau (F.M.S.) Rubber	...	4	...	Nil
INDUSTRIALS				
Ansell's Brewery	5*	...	...	5*
Beardmore (Wm.) & Co.	7†	10	...	10
Beaton (G.) and Son ...	...	15	...	15
British Lead Mills	...	10	...	10
British United Shoe ...	§9½†	§17	...	17½§
Churchill Machine Tool	15 †	30	...	30
Edinburgh Investment	7 †	10	...	10
Electric Supply Corp. ...	6½†	10	...	11¼
Elephant Traders	8*	...	...	7*
Estates and Agency	1½*	...	Apr.25	1½*
Ever Ready Trust Ord.	6†	9	...	9
Do. Def.	6†	9	...	9
Flettons, Ltd.	...	2½	...	7
Foster (M. B.) and Sons	6½†	10	...	13½
Fullers Ltd.	5	10	...	10
Gieves Ltd.	5†	10	...	15
Goldsmiths & Silver-smiths	...	4	...	2
Hills (R. H. D.)	...	7½	...	7½
Hope Brothers	...	6	...	7
Investors Mort. Security	3½*	...	...	3½*
Limmer &c. Asphaltes	5½†	8½	...	10
Mallinson (George)	25†	32½	...	32½
Maypole Dairy (Def.)...	...	4	...	7
Moss' Empires	5†	10	...	8
Mures Ltd.	7½*	...	May19	7½*
Oriental Gas	3½*	...	...	3½*
Phillips (Godfrey)	7½†	10	...	10
Primitiva Gas	...	§1½	Apr.29	§1½
Renold Chain	...	5	...	3
Rolls Razor (Def.)	...	80	Apr.23	80
Shropshire Electric A...	4†	8	...	8
Do. B	3†	5½	...	5½
Silver and Edginton ...	...	8	...	7½
Snia Viscosa	...	9·6	...	10
Spillers Ltd. ord	12½†	15	...	15
do. def.	...	15	...	15
Trojan (Holdings)	2*	...	...	3*
United Glass Bottle ...	8½†	12	...	12
Urban Electric Supply.	4†	8	...	8
Ward (G.) Barwell	5*	...	...	5*
Yardley & Co.	20†	35	...	45

§ Free of Income Tax.

(*Continued from page 508*)

BANK OF JAPAN
Million yen

	Feb. 10, 1940	Jan. 25, 1941	Feb. 1, 1941	Feb. 8, 1941
ASSETS				
Gold & Bullion: Gold	501·3	501·3	501·3	501·3
Other	39·8	17·0	18·5	20·4
Foreign exch. fund	300·0	300·0	300·0	300·0
Discounts and advances	704·3	440·1	534·4	494·3
Government bonds	2363·0	3837·3	3859·3	3785·8
Agencies' accounts	235·8	357·7	315·3	321·3
LIABILITIES				
Notes issued	3045·3	4107·2	4129·6	3940·9
Deposits: Government	770·8	1010·4	1053·6	1146·5
Other	93·0	118·1	102·1	98·9

SOUTH AFRICAN RESERVE BANK
Million £'s

	Feb. 7, 1941	Feb. 14, 1941	Feb. 21, 1941	Feb. 28, 1941
ASSETS				
Gold oin and bullion .	45·53	46·03	46·77	47·11
Bills discounted	0·48	0·51	0·44	0·61
Invest. & other assets	35·46	35·55	35·65	39·13
LIABILITIES				
Notes in circulation ...	22·40	21·48	20·95	23·78
Deposits: Government	2·19	2·54	3·23	12·17
Bankers' ...	49·50	52·23	51·79	42·50
Others	6·71	4·81	5·80	4·19
Reserve ratio	56·4%	56·8%	57·3%	59·0%

RESERVE BANK OF INDIA
Million rupees

	Mar. 29, 1940	Mar. 14, 1941	Mar. 21, 1941	Mar. 28, 1941
ASSETS				
Gold coin and bullion...	444	444	444	444
Rupee coin	559	324	334	348
Balances abroad	285	769	784	423
Sterling securities	1,135	1,405	1,405	1,022
Indian Gov. rupee secs.	384	496	496	879
Investments	78	69	68	72
LIABILITIES				
Notes in circln.: India	2,251	2,389	2,390	2,406
Burma	134	176	173	171
Deposits: Govts.	222	353	397	224
Banks	176	395	380	355
Reserve ratio	62·6%	69·3%	69·0%	54·5%

SHORTER COMMENTS

(*Continued from page 498*)

Mining Year Book 1941.—This well known year book of 860 pages compiled by Walter E. Skinner, has reached its fifty-fifth year of issue. It contains a vast amount of up-to-date information concerning 975 mining concerns operating in all parts of the world. The financial position of each company is given, also highest and lowest prices of the shares for the last three years, also the latest price. Can be obtained from Walter E. Skinner, 15 Dowgate Hill, London, E.C.4, or Financial Times, 72 Coleman Street, London, E.C.2. Price 20s., post free (inland) 20s. 6d. net, abroad 21s. 6d. net.

Bengal and North Western Railway. Net earnings of joint undertaking, year to September 30th, 1940, Rs.2,20,91,467 (Rs.1,81,12,929). Total distribution, 16 per cent for year as before. Company's share Rs. 1,23,75,949 (Rs.1,00,39,237). Carry forward 26,277.

Guaranty Trust Company of New York.—Total resources, March 31st, 1941, $2,813,930,185 against $2,653,187,646 on March 31st, 1940. Deposits, $2,520,172,053, against $2,343,234,642 on March 31st, 1940. Capital and surplus unchanged at $90,000,000 and $170,000,000 respectively. Undivided profits, $172,36,054, against $15,154,462 on March 31st, 1940.

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Total Profit	Depreciation, etc.	Net Profit after Deb. Interest	Available for Distribution	Appropriation: Pref. Div.	Ord. Div.	Rate	To Free Reserves	Difference in Carry Forward (+ or −)	Preceding Year: Total Profit	Net Profit	Ord. Div.
Motor Cycle & Aviation		£	£	£	£	£	£	%	£	£	£	£	%
Standard Motor Co.	Aug. 31	326,735	118,788	71,458	146,506	...	62,100	15	...	+ 9,358	456,774	127,492	25
Rubber													
Aboyne-Clyde	June 30	12,358	...	6,559	2,004	...	...	...	...	+ 6,559	5,444	*Dr. 340*	Nil
Batu Kawan	Sept. 30	12,555	1,000	6,483	6,740	...	4,725	2½	1,500	+ 258	7,220	3,032	1·875
Bah Lias	Oct. 31	60,643	10,000	39,799	84,168	...	38,016	7½	...	+ 1,783	57,363	26,232	5
Buloh River	Sept. 30	10,834	...	3,136	3,865	...	3,063	6¼	...	+ 73	2,857	284	Nil
Langen (Java)	Aug. 31	9,810	...	5,758	16,945	...	6,250	5	...	− 492	5,943	4,541	4
Soember Ajoe	Sept. 30	14,655	...	6,640	7,419	...	4,842	6½	1,000	+ 798	6,546	3,475	4·16
Shops and Stores													
British Home Stores	Dec. 31	179,063	27,095	63,765	70,508	16,100	19,406	25	20,000	+ 8,259	130,449	52,623	25
Home and Colonial Stores	Jan. 4	257,011	59,874	142,137	351,060	143,752	37,500	15(*a*)	...	− 39,115	446,887	321,941	6(*b*)
Trusts													
Edinburgh Invest. Trust	Mar. 15	128,162	...	64,848	311,507	15,975	37,867	10	...	+ 11,006	129,628	73,190	10
Redeemable Securities, &c.	Dec. 31	19,275	...	13,506	20,750	12,000	2,487	...	...	− 981	20,283	14,142	1
Other Companies													
Alpha Cement Ltd.	Dec. 31	315,683	125,000	140,845	179,011	44,137	96,250	8¼	...	+ 458	324,659	149,748	8¼
Associated Portland Cem't	Dec. 31	1,200,548	417,150	539,648	752,828	137,500	400,000	10	...	+ 2,148	1,402,925	741,981	15
Bernard (T. & J.)	Jan. 31	18,357	...	18,357	28,224	8,750	7,500	10†	2,000	+ 017	19,427	19,427	10
Betts & Co.	Dec. 31	42,623	5,932	16,609	24,978	...	15,000	7½†	...	+ 1,609	33,189	16,845	8½†
British Oxygen	Dec. 31	1,364,944	...	355,469	395,727	49,156	312,364	15	...	− 6,051	883,961	428,388	17
British Portland Cement	Dec. 31	734,816	260,000	452,641	673,200	100,800	350,000	17½	...	+ 1,841	823,606	541,387	20
Browne & Eagle	Dec. 31	44,952	...	27,724	53,004	6,250	15,000	10	5,000	+ 1,474	47,266	30,145	10
Davis & Timmins	Dec. 31	105,590	...	48,252	69,133	6,500	27,000	50	...	+ 14,752	68,733	29,525	25
Dundee Floorcloth	Jan. 31	7,470	...	4,661	4,820	1,104	1,328	2½	...	+ 2,229	12,763	5,450	4
King Line Ltd.	Dec. 31	97,819	...	63,112	142,039	...	35,937	12½	25,000	+ 2,175	76,692	72,767	12½
McIntyre, Hogg, Marsh	Nov. 30	31,504	...	27,090	80,011	...	24,900	10	...	+ 2,190	30,067	25,219	10
Reyrolle (A.) & Co.	Dec. 31	249,844	66,640	169,471	316,109	7,175	102,089	12½	60,000	+ 207	241,419	162,213	12½
Rugby Portland Cement	Dec. 31	123,676	49,217	47,794	98,430	18,000	22,500	7½	...	+ 7,294	122,118	55,810	7½
Scott's Restaurant	Dec. 31	13,378	...	2,495	33,692	2,875	...	...	...	− 380	18,363	6,565	7½
Slough Estates	Dec. 31	186,929	...	100,774	185,208	...	63,393	15	20,000	+ 17,381	162,222	90,360	15
Totalisator Ltd.	Dec. 31	50,025	...	22,417	25,867	9,278	...	...	15,000	− 1,861	46,922	23,811	Nil
Travancore Tea	Sept. 30	44,122	3,000	16,788	19,989	5,823	10,650	10	...	+ 315	33,373	14,635	10
Tucker (Duncan)	Dec. 31	7,179	...	759	8,709	...	...	...	...	+ 759	17,087	14,217	Nil
United Glass Bottle	Dec. 31	537,769	...	177,155	218,251	51,808	77,075	12	25,000	+ 23,272	456,053	195,093	12
Valor Co.	Dec. 31	127,836	13,232	23,189	26,701	...	21,563	15	...	+ 1,626	114,410	37,622	15
Waxed Papers	Dec. 31	80,242	...	32,061	52,737	11,608	15,106	20	7,000	− 1,653	44,965	32,681	17
Totals (1'000's):	*No. of Cos.*												
Week to April 12, 1941	*32*	*6,416*	*1,157*	*2,711*	*4,410*	*649*	*1,814*	...	*181*	+ *67*	*6,250*	*3,331*	...
Jan. 1 to April 12, 1941	*531*	*114,319*	*7,733*	*57,698*	*88,955*	*11,819*	*38,367*	...	*5,345*	+ *2,167*	*109,077*	*64,007*	...

† Free of income tax. (*a*) 15% Cumulative Ordinary. Nil on ordinary shares. (*b*) Paid on Ordinary shares.

EXCHANGE RATES (Monthly Tables)

CENTRAL AND SOUTH AMERICA

The following rates, issued by Bank of London and South America, are related to U.S. $; approximate sterling rates can be calculated from $–£ rate.

*Colombia.** Sight selling rate 175·50 pesos per 100 U.S. $ on March 4th.

*Ecuador.** Sight selling rate 15·00 sucres per U.S. $ on Feb. 28th.

Guatemala. Sight selling rate maintained at one quetzal per U.S. $, less commission of 1 per cent. to Central Bank.

*Nicaragua.** Sight selling rate for payment of imports fixed at 5.54½ cordobas per U.S. $ (incl. 10 per cent. tax), Jan. 1, 1941.

El Salvador. Sight selling rate New York was 2·49½ colones per $ on Feb. 28th.

*Venezuela.** Sight selling rate New York 3·19 bolivares per U.S. $ since April 27, 1937.

* Exchange controls are operative in these countries.

OVERSEAS BANK RATES

	Changed	From %	To %		Changed	From %	To %
Amsterdam	Aug. 28, '39	2	3	Madrid	July 15, '35	5	4
Athens	Jan. 4, '37	7	6	Montreal	Mar. 11, '35	...	2½
Batavia	Jan. 14, '37	4	3	Oslo	May 12, '40	4½	3
Belgrade	Feb. 1, '35	6½	5	Paris	Jan. 3, '39	2½	2
Berlin	April '40	4	3½	Pretoria	May 15, '33	4	3½
Brussels	Jan. 25, '40	2½	2	Tallinn	Oct. 1, '35	4	4½
Bucharest	Sept. 17, '40	3½	3	Riga	Feb. 17, '40	4½	5a
Budapest	Oct. 22, '40	4	3			5	5½b
Calcutta	Nov. 28, '35	3½	3	Rio de Janeiro	May 31, '35	...	3½
Chile	June 13, '35	4	4½a	Rome	May 18, '36	5	4½
		5½	6b	Sofia	Sep. 16, '40	6	5½
Copenhagen	Oct. 15, '40	4½	4	Stockholm	May 17, '40	3	3½
Helsingfors	Dec. 3, '34	4½	4	Zurich	Nov. 25, '36	2	1½
Kovno	May 14, '39	5	7	Tokio	Mar. 11, '38	3·285	3·46
Lisbon	Mar. 31, '41	4½	4	Wellington	May 27, '40	3	2
N.Y. Fed. Res.	Aug. 26, '37	1½	1	Dublin	Oct. 26, '39	4	3

(*a*) For banks and credit institutions. (*b*) For private persons and firms.

SOUTH AFRICA

(BUYING RATES PER £100 STERLING)

	T.T.	Sight.	30 days' sight	60 days' sight	90 days' sight
London on:	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Rhodesia	100 5 0	100 17 6	101 5 9	101 14 0	102 2 3
S. Africa	101 0 0	101 12 6	102 0 9	102 9 0	102 17 3

(SELLING RATES PER £100 STERLING)

	Sight	Telegraphic
London on:—	£ s. d.	£ s. d.
Rhodesia	99 15 0	99 15 0
South Africa	100 5 0	100 5 0

AUSTRALIA AND NEW ZEALAND

	London on Australia and New Zealand*				Australia and New Zealand on London*			
	Buying		Selling		Buying		Selling	
	Australia	New Zealand	Australia (any mail)	New Zealand (any mail)	Australia	New Zealand	Australia (any mail)	New Zealand
T.T.	...	...	125	124⅜	125		124⅜	125¼	125
	Ord. Mail / Air Mail (§) (‡)	Ord. Mail / Air Mail (§) (‡)			Air Mail / Ord. Mail			
Sight	126½ / 126⅛	126⅜ / 126⅝	125 1/32	124 1/32	124 31/32 / 124 31/32	125 3/32	125⅛	124 31/32
30 days	127⅛ / 127⅛	126⅞ / 126⅞	...	...	124⅛ / 124⅜	123 31/32	125 1/32	124⅛
60 days	127⅜ / 127⅜	127⅛ / 127⅛	...	...	124⅜ / 124⅜	123 31/32	125⅛	124⅛
90 days	128⅛ / 128⅛	127⅜ / 127⅜	...	...	124 / 125⅛	123 31/32	125 1/32	124⅛

* All rates (Australian and N. Zealand) now based on £100—London.
‡ Plus postage.
§ Via Durban and Singapore. By America/New Zealand Air Mail, (Australia): Demand, 126½; 30 days, 126⅝; 60 days, 127⅛; 90 days, 127⅜. (New Zealand): Demand, 125⅛; 30 days, 126⅜; 60 days, 126⅞; 90 days, 127⅜ (plus postage).

TRANSVAAL GOLD OUTPUT

Statistics for March, 1941 (on basis of £8 8s. 0d. per fine ounce)

Mine and Group	Tons Milled	Value or Output	Profit	Working Costs per fine oz.
		£	£	s. d.
Anglo-Amer. Corp.				
Brakpan	140,000	260,128	100,005	103 5·7
Daggafontein	164,000	388,958	227,504	69 9·3
East Daggafontein	78,000	172,039	69,503	100 2·3
S. African Land	117,000	269,715	152,275	73 2·2
Springs	165,000	374,805	197,009	79 8·9
West Springs	90,000	162,380	60,003	105 11·7
Cent. Mng.-Rand M.		Fine ozs		
City Deep	115,000	26,223	74,455	111 3
Cons. Main Reef	215,000	33,602	66,531	128 8
Crown Mines	350,000	81,026	293,203	95 10
Durban Deep	201,000	36,787	104,437	111 3
E. Rand Prop.	228,000	46,520	125,252	114 5
Geldenhuis	71,500	9,047	15,350	134 3
Glynn's Lydenburg	10,000	3,094	8,255	114 9
Modder B.	93,000	15,781	61,472	90 10
Modder East	136,000	22,705	79,036	98 6
Cent. Mng.-Rand M.—cont.		Fine ozs	£	s. d.
New Modder	200,000	28,059	76,746	113 10
Nourse	84,000	16,597	34,519	126 6
Rose Deep	90,000	13,756	29,260	125 8
Transvaal G.	32,300	5,194	5,627	145 3
Gen. Mining		£		
Van Ryn Gold	63,000	60,158	8,008	149 10
W. Rand Cons.	240,000	372,970	161,034	98 5
Goldfields		Fine ozs		
Venterspost	115,000	22,220	53,725	119 9·5
Simmer and Jack	152,000	29,704	80,737	113 9·7
Robinson Deep	131,500	28,064	92,106	102 6
Sub Nigel	66,500	42,031	235,090	56 3
Vogelstruisbult	76,000	19,723	63,369	104 3·5
Rietfontein	36,000	5,446	16,284	108 3·3
Luipaards Vlei	86,500	18,263	45,676	118 6·9
"Johannies"		£	£	s. d.
E. Champ D'Or	34,000	72,524	38,025	80 3
Gov. Areas	265,000	427,254	170,166	101 10
Langlaagte	120,000	134,584	9,126	158 7
N. State Areas	124,000	245,343	120,295	86 4
Randfontein	400,000	485,079	140,152	120 6
Van Ryn Deep	105,000	127,047	26,034	134 5
Witwatersrand	91,000	111,636	18,243	142 5
Union Corp.		Fine ozs		
East Geduld	161,000	46,287	255,960	57 6
Geduld	116,000	27,608	119,679	81 4
Grootvlei	121,000	31,419	124,788	88 8
Marievale	49,000	12,983	35,171	114 0
Modder Deep	49,400	6,046	8,691	140 7
Van Dyk	97,000	25,184	82,983	102 3

BRITISH WHOLESALE PRICES

	Apr. 1, 1941	Apr. 8, 1941
CEREALS AND MEAT		
GRAIN, etc.	s. d.	s. d.
Wheat—		
No. 1, N.Mt. 496 lb. f.o.b. Mont	32 3	32 2
Eng. Gas. av. per cwt. (*a*)	14 8	14 7
Flour, per 280 lb.—		
Straights, d/d London	25 6	25 6
Barley, Eng. Gas., av., per cwt(*a*)	18 7	18 3
Oats (*a*) " " "	15 2	15 5
Maize, La Plata, 480 lb., f.o.b.	10 6	10 6
MEAT—Beef, per 8 lb.—		
English long sides	4 8	4 8
	6 0	6 0
Imported hinds	5 4	5 4
Mutton, per 8 lb.—English	4 4	4 4
	8 0	8 0
Imported	4 4	4 4
Pork, English, per 8 lb.	8 0	8 0
BACON (per cwt.—Wilts. cut side	125 6	125 6
HAMS (per cwt.)—Green	131 6	131 6
OTHER FOODS		
BUTTER (per cwt.)—All Grades	143 0	143 0
CHEESE (per cwt.)—		
Home Produced	99 2	99 2
Imported	99 2	99 2
COCOA (per cwt.)—		
Accra, g.f.	45 0	45 0
Granada	Nom.	Nom.
COFFEE (per cwt.)—		
Santos supr. c. & f.	Nom.	Nom.
Costa Rica, medium to good	120 0	110 0
	150 0	160 0
EGGS (per 120)—English	25 0	25 0
LARD (per cwt.)—Imported	64 0	64 0
POTATOES (per cwt.)—		
English, King Edward	7 0	7 0
	9 0	9 0
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	7 6	7 6
REFINED LONDON—		
Granulated, 2 cwt. bags	40 6	40 6
Granulated, 2 cwt. bags, domestic consumption	31 2	31 2
West India Crystallised	38 0	38 0
	41 6	41 6
TOBACCO (per lb.)—		
Indian stemmed and unstemmed	0 7	0 7
	1 10	1 10
Rhodesian, stemmed and unstemmed	0 10½	0 10½
	2 0	2 0
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	9·24	9·24
" Giza, F.G.F.	12·05	12·05
Yarns, 32's Twist	16·81	16·81
" 40's Weft	18·12	18·12
" 60's Twist (Egyptian)	25·95	25·95
Cloth, 32 in. Printers, 116 yds. 16×16, 32's & 50's	s. d. 26 3	s. d. 26 3

	Apr. 1, 1941	Apr. 8, 1941
COTTON—*continued.*	s. d.	s. d.
Cloth, 36 in. Shirtings, 75 yds., 19 × 19, 32's & 40's	38 0	38 0
" 38 in. ditto, 38 yds., 18 × 16, 10 lb.	14 2	14 2
" 39 in. ditto, 37½ yds., 16 × 15, 8½ lb.	13 1	13 1
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	Nom.	Nom.
Pernau HD	Nom.	Nom.
HEMP (per ton)—Manilla, spot "J2"	26/0/0	26/0/0
JUTE (per ton)—		
Daisee 2/3, c.i.f. Dundee, Nov.-Dec. (new)	...	...
Common 8 lb. cops. (per spindle)	...	...
10½/40 Hessians, per yd.	...	...
8/40 Hessians, per yd	...	...
SISAL (per ton)—African, Apr.-June—No. 1	£ s. 26 0	£ s. 26 0
WOOL (per lb.)—	s. d.	d.
Lincoln wethers, washed	19½	19½
Selected blackfaced, greasy	14	14
Australian scrd. fleece, 70's	37	37
Cape scrd. average snow white	39½	39½
N.Z. scrd. 2nd pieces, 50-56's	24	24
Tops—		
64's warp	45	45
56's super carded	39	39
48's average carded	31	31
44's prepared	29½	29½
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	31 7	31 7
	32 4	32 4
Durham, best gas, f.o.b. Tyne	27 0½	27 0½
IRON AND STEEL (per ton)—		
Pig, Cleveland No. 3, d/d	128 0	128 0
Bars, Middlesbrough	312 6	312 6
Steel rails, heavy	290 6	290 6
Tinplates (home, i.c. 14 × 20)	29 9	29 9
NON-FERROUS METALS (per ton)—		
Copper (*c*)—Electrolytic	62/0/0	62/0/0
Tin—Standard cash	270/0/0	268/10/0
	270/5/0	269/0/0
Three months	266/15/0	265/15/
	267/0/0	266/0/0
Lead (*d*)—Soft, foreign, cash	25/0/0	25/0/0
Spelter (*d*)—G.O.B., spot	25/15/0	25/15/0
Aluminium, ingots and bars	110/0/0	110/0/0
Nickel, home delivery	190/0/0	190/0/0
	195/0/0	195/0/0
Antimony, Chinese	85/0/0	85/0/0
Wolfram, Empire ... per unit	2/10/0	2/10/0
Platinum, refined ... per oz.	9/0/0	9/0/0
Quicksilver ... per 76 lb.	48/0/0	48/0/0
	50/0/0	50/0/0
	s. d.	s. d.
GOLD, per fine ounce	168 0	168 0
SILVER (per ounce)—		
Cash	1 11½	1 11½

	Apr. 1, 1941	Apr. 8, 1941
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London area, in paper bags or jute sacks 20 to ton—(*a*).	s. d.	s. d.
4-ton loads and upwards per ton	49 6	49 6
CHEMICALS—		
Acid, Oxalic, net per ton	60/0/0	60/0/0
	s. d.	s. d.
" Tartaric, English, less 5% lb.	2 6½	2 6½
Ammonia, Sulphate per ton	10/2/0	10/2/0
Nitrate of Soda per ton	13/10/0	13/10/0
Potash, Sulphate per ton	Nom.	Nom.
Soda Bicarb. per ton	11/0/0	11/0/0
Soda Crystals per ton	5/0/0	5/0/0
	5/5/0	5/5/0
COPRA (per ton)—S.D. Straits, c.i.f.	12/10/0	12/10/0
HIDES (per lb.)—	s. d.	s. d.
Wet salted Australian, Queensland 40/50 lb.	0 5½	0 5½
Cape, J'burg Ord.	0 6	0 6½
Dry Capes, 18/20 lb.	0 7½	0 7½
English & Welsh Market Hides—		
Best heavy ox and heifer	0 6½	0 6½
	0 8½	0 8½
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	2 4	2 0
	4 4	4 0
Shoulders	1 2	1 0
	2 4	2 2
Insole Bellies	0 7½	0 7½
	1 3	1 3
Dressing Hides	2 2	2 2
	2 6	2 6
PETROLEUM PRODUCTS (per gal.)		
Motor Spirit, England & Wales	1 9	1 9
(*b*) Kerosene, Burning Oil	0 11	0 11
" Vaporising Oil	0 11½	0 11½
(*b*) Automotive gas oil, in bulk, ex road tank waggons	1 6½	1 6½
Fuel oil, in bulk, ex Instal. Thames—		
Furnace	0 7½	0 7½
Diesel	0 8½	0 8½
ROSIN (per ton)—American	25/0/0	25/0/0
	30/0/0	30/0/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	1 2½	1 2½
SHELLAC (per ton)—TN Orange	102/10/0	102/10/0
TALLOW (per cwt.) London Town—	22 10	22 10
VEGETABLE OILS (per ton net)—		
Linseed, raw	41/10/0	41/10/0
Rape, crude	44/5/0	44/5/0
Cotton-seed, crude	31/2/6	31/2/6
Coconut, crude	28/2/6	28/2/6
Palm	20/15/0	20/15/0
Oil Cakes, Linseed, Indian	7/15/0	7/15/0
Oil Seeds, Linseed—		
La Plata (new)	11/6/3	11/6/3
Calcutta	18/11/3	18/11/3

(*a*) +6s. per ton net paper bags, jute sacks, charged 1s. 9d., credited 1s. 6d. on return. (*b*) Higher Pool prices in some zones. (*c*) Price is at buyer's premises
(*d*) Including import duty and delivery charges. (*e*) Average for weeks ended Mar. 29th and Apr. 5th.

AMERICAN WHOLESALE PRICES

	Apr. 1, 1941	Apr. 8, 1941
GRAINS (per bushel)—	Cents	Cents
Wheat, Chicago, May	89½	90½
" Winnipeg, May	76½	76½
Maize, Chicago, May	66½	66½
Oats, Chicago, May	37	36½
Rye, Chicago, May	45½	48½
Barley, Winnipeg, May	50½	50½
METALS (per lb)—		
Copper, Connecticut	12·00	12·00
Tin, N.Y., Straits, spot	51·62½	51·62½
Lead, N.Y., spot	5·85	5·85

	Apr. 1, 1941,	Apr. 8, 1941,
METALS (per lb.)—*cont.*	Cents	Cents
Spelter, East St. Louis, spot	7·25	7·25
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, May	6·65	6·65
Coffee, N.Y., cash—		
Rio, No. 7	6½	6½
Santos, No. 4	9½	9½
Cotton, N.Y., Am. mid. spot	11·48	11·39
Cotton, Am. mid., Apr.	11·20	11·18
Cotton Oil, N.Y., May	8·23	8·37
Lard, Chicago, May	7·90	8·47½

	Apr. 1, 1941	Apr. 8, 1941
MISCELLANEOUS (per lb.)—*cont.*	Cents	Cents
Petroleum, Mid-cont. crude, per barrel	102	102
Rubber, N.Y., smkd. sheet spot	22½	22·00
" " May-June	22½	21½
Sugar, N.Y., Cuban Cent., 96 deg. spot	3·40	3·40
Sugar, N.Y., 96 deg., No. 4, f.o.b. Cuba, May	0·83	0·75½
Moody's Index of staple commodities, Dec. 31, 1931=100	183·5	184·6

MONTHLY STATEMENT OF BALANCES OF LONDON CLEARING BANKS.
(000's omitted)

MARCH, 1941	Barclays Bank Ltd.	Coutts & Co.	District Bank Ltd.	Glyn, Mills & Co.	Lloyds Bank Ltd.	Martins Bank Ltd.	Midland Bank Ltd.	National Bank Ltd.	National Provncl. Bank, Ltd.	Westminster Bank, Ltd.	Williams Deacon's Bank, Ltd.	Aggregate
Date:	25th	31st	26th	18th	18th	26th	26th	28th	26th	27th	24th	
ASSETS.	£	£	£	£	£	£	£	£	£	£	£	£
Coin, Bank Notes and Balances with the Bank of England	56,742	3,157	11,074	3,807	53,529	13,370	59,523	3,581	36,471	41,306	5,282	287,842
Balances with and Cheques in course of collection on other Banks in Great Britain and Ireland	20,942	1,232	3,691	1,808	15,929	3,877	20,751	286	16,252	18,661	3,393	106,822
Items in Transit	...	...	...	...	11,375	2,433	...	...	...	...	...	13,808
Money at Call and Short Notice	19,808	3,446	3,793	6,165	20,948	4,940	20,002	3,833	17,566	23,890	7,457	131,848
Bills Discounted	39,034	1,818	5,345	819	31,845	4,141	46,975	1,166	30,704	31,039	1,284	194,170
Treasury Deposit Receipts	83,000	1,000	14,500	4,500	70,500	14,500	82,500	500	43,000	53,500	6,500	374,000
Investments	141,225	10,892	39,495	17,183	138,442	45,391	165,543	14,489	116,493	116,183	15,654	820,990
Advances to Customers and other A/cs.	193,641	8,906	29,513	9,141	153,717	39,650	191,570	16,140	121,295	132,663	11,892	908,128
Liabilities of Customers for Acceptances, Endorsements, etc.	13,883	807	3,353	4,230	18,828	8,769	13,203	270	10,147	24,818	2,166	100,474
Bank Premises Account	7,950	412	1,533	740	7,327	2,849	9,613	559	7,230	5,269	993	44,475
Investments in Affiliated Banks and Subsidiary Companies	6,278	...	...	...	3,775	...	8,200	...	2,514	2,992	...	23,759
	582,503	31,670	112,297	48,393	526,215	139,920	617,880	40,824	401,672	450,321	54,621	3,006,316
Ratio of Cash to Current, Deposit and other Accounts	10·48	10·94	10·75	9·01	11·12	10·84	10·31	9·81	9·76	10·15	10·63	10·41
LIABILITIES.												
Capital Paid up	15,858	1,000	2,977	1,060	15,810	4,160	15,159	1,500	9,479	9,320	1,875	78,198
Reserve Fund	11,250	1,000	2,976	850	10,000	3,600	12,410	1,160	8,500	9,320	900	61,966
Current, Deposit and other Accounts	541,512	28,863	102,991	42,253	481,566	123,368	577,108	36,520	373,546	406,846	49,680	2,764,253
Acceptances, Endorsements, etc.	13,883	807	3,353	4,230	18,828	8,769	13,203	270	10,147	24,818	2,166	100,474
Notes in Circulation	...	...	...	...	11	23	...	1,374	...	17	...	1,425
	582,503	31,670	112,297	48,393	526,215	139,920	617,880	40,824	401,672	450,321	54,621	3,006,316

REFUGE
ASSURANCE COMPANY LIMITED

Chief Office: Oxford Street, Manchester, 1.

Summary of Directors' Report for the year ended 31st December, 1940.

Total Income for the year, **£13,192,498.**

Total Assets at end of the year, **£74,606,552.**

Total Claims Paid in the year, **£8,162,981.** The Company has paid **£133,337,630,** in claims since its establishment.

The Total Assurances existing on December 31st, 1940, amounted to **£82,055,091** in the Ordinary Branch and **£118,099,919** in the Industrial Branch.

Ordinary Branch: Bonus of £1 per cent. for 1939 and 1940 declared on participating policies which become claims during the ensuing year. Surplus carried forward is £1,273,235.

Industrial Branch: £400,000 Profits allocated to Policyholders.

J. WILCOCK HOLGATE,
Chairman.

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